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MEXICAN PRODUCE SAFETY • *Clamshells* • **Citrus** • TROPICAL FRUIT • **Restaurant Best Buying Practices**  
Organic Produce • **REGIONAL PROFILES: ATLANTA, POMPANO BEACH & DALLAS** • **Peanuts** • *Baskets & Pots*

# producebusiness

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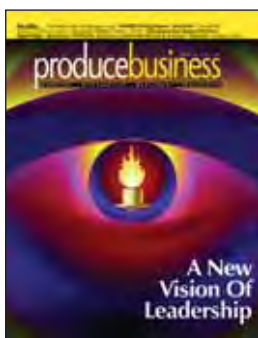
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# PRODUCE QUIZ



## THIS MONTH'S WINNER:

**David Grubbs**  
Head Produce Buyer  
Nash Finch Co.  
Lumberton, NC



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### How To Win

To win the PRODUCE BUSINESS Quiz, the first thing you have to do is enter. The rules are simple: Read through the articles and advertisements in this issue to find the answers. Fill in the blanks corresponding to the questions below, and either cut along the dotted line or photocopy the page, and send your answers along with a business card or company letterhead to the address listed on the coupon. The winner will be chosen by drawing from the responses received before the publication of our March issue of PRODUCE BUSINESS. The winner must agree to submit a color photo to be published in that issue.

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- 1) What is the toll-free number for Mediterranean Pleasures? \_\_\_\_\_
- 2) What is the Web address for Four Seasons Produce? \_\_\_\_\_
- 3) What is the fax number for Chelan Fresh? \_\_\_\_\_
- 4) What is the phone number for D'Arrigo New York? \_\_\_\_\_
- 5) What is the suite number for the Florida Tomato Committee? \_\_\_\_\_
- 6) What is the P.O. box for Fisher Capespan USA? \_\_\_\_\_

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# WASHINGTON GRAPEVINE

A report on the inside happenings of government.

SUBMITTED BY LORELEI DISOGRA, VICE PRESIDENT OF NUTRITION AND HEALTH • UNITED FRESH PRODUCE ASSOCIATION



## USDA Revisions Benefit WIC And Industry

**O**n Dec. 6, 2007, the U.S. Department of Agriculture (USDA) announced it would, for the first time, include fruits and vegetables in the Supplemental Nutrition Program for Women, Infants and Children (WIC) food package. This will have tremendous benefits for the produce industry, retailers and the health of America's children — a win-win situation for WIC families and our industry. More than \$500 million in new fruit and vegetable sales are projected as a result of adding fruit/vegetable vouchers to WIC. These vouchers should increase fruit and vegetable consumption by transforming eating habits.

The changes to the WIC food package are part of the first comprehensive revisions to the program since 1980. Specifically, new monthly USDA vouchers for fruits and vegetables will include \$6 for children, \$8 for women and \$10 for fully breast-feeding women. They can be used to purchase a variety of fresh fruits and vegetables. WIC's 8.5 million participants receive vouchers for specific foods designed to improve pregnancy outcome and child nutrition.

The recent revision aligns WIC food packages with the *Dietary Guidelines for America* and the current infant feeding recommendations of the American Academy of Pediatrics, and it provides WIC participants with a wider variety of food. State WIC agencies and their retail vendors must implement the provisions of the rule no later than Aug. 5, 2009. However, USDA expects some states will implement these changes sooner.

Based on projects conducted in California and New York, WIC participants who received fruit/vegetable vouchers increased their overall consumption of fruits and vegetables. Results clearly demonstrate WIC families used the vouchers to purchase a wide variety of nutrient-dense fresh fruits

and vegetables to eat as snacks or for dinner. These families placed a high value on their fruit/vegetable vouchers; 91 percent were fully redeemed at retail. Although the value

**Although the value of the fruit/vegetable voucher sounds like a small step in the right direction, the impact is expected to be significant.**

of the fruit/vegetable voucher sounds like a small step in the right direction, the impact is expected to be significant.

It is anticipated fresh fruits and vegetables will reap the most benefits from the new WIC vouchers. WIC families, like other low-income groups, are demanding access to more fresh fruits and vegetables, so they can eat more healthful diets. Based on actual purchase data from two California pilot projects, bananas, apples, tomatoes, carrots, oranges, lettuce, broccoli, onions, grapes, avocados and pears will be the most frequently purchased fresh fruits and vegetables. Incremental banana sales are estimated to be \$107 million, apples \$71 million, tomatoes \$53 million and carrots \$43 million annually.

For the first time, WIC moms will have an incentive to visit the produce department, and they are expected to shop there more often. The new WIC fruit/vegetable

vouchers are expected to be easy to administer at retail, and state WIC agencies will work with retailers to ensure smooth implementation. WIC participants will have the flexibility to choose a wide variety of fruits and vegetables, plus WIC moms will be allowed to add extra money and pay the difference when their purchase of fruits and vegetables exceeds the value of the voucher.

Supermarkets, independent markets and mom-and-pop stores that participated in the California and New York pilot projects reported no internal or external problems redeeming the fruit/vegetable vouchers. According to one large California retailer, "Getting WIC moms into our produce department is a good thing for them and for us. The fruit/vegetable voucher encouraged WIC moms to come to our produce department, where they might not have come otherwise. It also encouraged them to buy more healthful fresh fruits and vegetables. And it allowed them to try new fruits and vegetables, which is good for their health, the health of our community and for our stores."

The National WIC Association and state WIC agencies are gearing up and will be working closely with their retail vendors in early 2008 to ensure a smooth transition. With fruits and vegetables now part of food packages, local WIC programs will be redoubling their emphasis on the Produce For Better Health initiative, *Fruits & Veggies — More Matters*. WIC moms have been waiting for fruits and vegetables for a long time and the excitement in WIC is real.

The inclusion of fruits and vegetables in WIC has been a top priority for United Fresh Produce Association for more than a decade. This success, along with the underlying policy and advocacy focus on increasing access to fresh fruits and vegetables, provides tremendous momentum for aligning all child nutrition programs with dietary guidelines.

### FRUIT DIPS

Concord Foods, Inc., Brockton, MA, introduces the Fruit Dip Trio pack, in three flavors — Rich Chocolate Heaven, Chocolate Orange Dream and Chocolate

Amaretto Delight. The dip pack contains three 4-ounce ready-to-dip cups for covering cherries, pineapple slices, pears, bananas or apples.



Reader Service No. 300

### THERMAL TRANSFER PRINTER

Norwood Marking Systems, Downers Grove, IL, and Allen Coding Systems, Hertfordshire, England, have launched the 53LT, a high-performance, low-cost, state-of-the-art thermal transfer printer that can mark labels and a variety of substrates for packaged products with expiration dates, product identification information, lot batch numbers and logos.



Reader Service No. 301

### ALL-NATURAL ENERGY DRINKS

Bradford Tonic, Inc., Miami, FL, offers three all natural, vegetarian, low- and no-fat healthful beverages that are high in antioxidants and sweetened with organic raw agave, a low-glycemic sweetener. The 16-ounce drinks are B-Tonic, which retails at \$4.99, and B-Sorrel and B-Ginger, which retail at \$3.99 each.



Reader Service No. 302

### FRESH KERNEL CORN

Supreme Cuts LLC, Mahwah, NJ, unveils Off the Cob Fresh Kernel Corn — fresh kernel corn cut off the cob — with a 12-day shelf life. Offered year-round, the new product eliminates the need to husk and shuck fresh corn. Prior to this product, the only way to preserve the fresh taste of kernel corn was to freeze it.



Reader Service No. 303

## ANNOUNCEMENTS

### NYAA APPLE COUNTRY GUIDE

The New York Apple Association, Fishers, NY, offers a new variety guide and merchandising display that makes it easy for retailers to promote the benefits of New York apples. The guide features information on 20 of Apple Country's most popular apple varieties and comes with a display-ready box.



Reader Service No. 304

### WALTER P. RAWL TO USE AHA LOGO

Walter P. Rawl & Sons, Inc., Pelion, SC, is participating in the American Heart Association Food Certification Program for foods that meet AHA criteria for cholesterol and saturated fat for healthy people over age 2. One- and 2-pound bags of Rawl's Nature's Greens collards will feature AHA's familiar heart-check logo.



Reader Service No. 305

### L&M EXPANDS PRODUCT LINE

L&M Companies, Inc., Raleigh, NC, now supplies a full line of Nature's Delight imported and domestic winter vegetables, including Mexican greenhouse bell peppers and Mexican pole-grown cucumbers. The new line is a result of additions made to L&M's domestic and Mexican farming operations and consolidation warehouses.



Completely obsessed  
with produce

Reader Service No. 306

### JANGO MANGO DEBUTS AT MARINE CORPS MARATHON

The National Mango Board, Orlando, FL, was a sponsor of the Marine Corps Marathon this past October in Orlando, FL, where it introduced Jango Mango, NMB's new mascot and mango ambassador. Race attendees received mango samples and were given the opportunity to pose for photos with Jango Mango.



Reader Service No. 307

### NEW MICHIGAN APPLE SPOKESPERSON

The Michigan Apple Committee, DeWitt, MI, has introduced Judy MacNeill, the wellness director of Alpena Regional Medical Center, Alpena, MI, as its official spokesperson. She will address health issues on behalf of the committee, represent it during its health and fitness campaign, and conduct media interviews.



Reader Service No. 308

### SUN WORLD ASSISTS EARTHQUAKE VICTIMS

Sun World International LLC, Bakersfield, CA, presented a \$30,000 check to Peru's Minister of Agriculture, Ismael Benavides Ferreyros, as a part of a collective effort spearheaded by Sun World to assist victims of the August 2007 earthquake that struck Peru's Ica region. The funds will assist in rebuilding the area's agricultural communities.



Reader Service No. 309

### ITALIAN KIWIFRUIT REACHES U.S. MARKETS

Mediterranean Pleasures, Harrison, NY, a promotional group sponsored by the European Union with support of Agea, an Italian government agency, is highlighting Italian kiwifruit, available October through May. Future promotions will cover radicchio di Treviso, Puglian table grapes, Sicilian Tarocco oranges and Calabrian sweet red onions.



Reader Service No. 310

### POTATO INDUSTRY UNVEILS NUTRITION MESSAGE

The Fresh Demand Working Group, Denver, CO, announced the adoption of a new industry-wide message linking potato goodness with today's consumers — Potatoes: Goodness Unearthed. The motto is part of a cooperative effort involving the U.S. Potato Board, United Potato Growers of America, state industry organizations and grower/shipper representatives.



Reader Service No. 311

Produce Watch is a regular feature of PRODUCE BUSINESS. Please send information on new products, personnel changes, industry, corporate and personal milestones and available literature, along with a color photo, slide or transparency to: Managing Editor, PRODUCE BUSINESS, P.O. Box 810425, Boca Raton, FL 33481-0425, or e-mail us at ProduceBusiness@phoenixmedianet.com



# Effectiveness More Crucial Than Leadership

**M**ark Affleck, president and CEO of the California Avocado Commission, points out the limitations of leadership in this month's cover story. He says, "Being a leader no longer guarantees survival. Leaders in 21st century organizations are being jettisoned into the night. Employers are replacing job security with support security, which demands we are perpetually relevant and producing sustained value for a real customer in a real market against real competition." Mark is one smart cookie.

Look at the subprime mortgage crisis. Captains of industry at firms such as Citibank and Merrill Lynch are being tossed aside. They are among the most educated and vetted leaders. It's unlikely their problem was a shortage of leadership development seminars.

The actual problem: A character flaw. When the money was flowing in, they didn't have the courage to insist on rigorous standards. This is the difference between, say, the leadership of Warren Buffett and that of these executives. While these guys were pushing subprime mortgages, Warren Buffett was saying, "Dumb lending always has its consequences. It's like a disease that doesn't manifest itself for a few weeks, like an epidemic that doesn't show up until it's too late to stop it." That is leadership.

This is an old story. This month's cover piece also quotes Peter Drucker, who died in 2005 at the age 95 and was perhaps the greatest theorist on business leadership and management theory of all time. The cover story quotes him on the juxtaposition of character and leadership: "For it is character through which leadership is exercised; it is character that sets the example and is imitated. Character is not something one can fool people about. The people with whom a person works, and especially subordinates, know in a few weeks whether he or she has integrity or not."

Drucker wasn't all that hot on the whole concept of aggrandizing leaders — reminding us that it could lead to bad as well as good — and urging us to look at effectiveness as a more useful metric:

*You know, I was the first one to talk about leadership 50 years ago, but there is too much talk, too much emphasis on it today and not enough on effectiveness. The only thing you can say about a leader is that a leader is somebody who has followers.*

*The most charismatic leaders of the last century were called Hitler, Stalin, Mao and Mussolini. They were mis-leaders! Charismatic leadership by itself certainly is greatly overstated.*

*Look, one of the most effective American presidents of the last 100 years was Harry Truman. He didn't have an ounce of charisma. Truman was as bland as a dead mackerel. Everybody who*

*worked for him worshiped him because he was absolutely trustworthy. If Truman said no, it was no, and if he said yes, it was yes. And he didn't say no to one person and yes to the next one on the same issue.*

*The other effective president of the last 100 years was Ronald Reagan. His great strength was not charisma, as is commonly thought, but that he knew exactly what he could do and what he could not do.*

Drucker was skeptical about efforts to develop leaders in business:

*We have talked a lot about executive development. We have been mostly talking about developing people's strength and giving them experiences. Character is not developed that way. That is developed inside and not outside. I think churches and synagogues and the 12-step recovery programs are the main development agents of character today.*

Most companies and the broader industry will be better off focused on executive development, not leadership development. Great leaders inspire so they have followers by virtue of their depth of character and natural abilities.

Effective executives, however — people capable of good decisions — can, in fact, be developed. Much of the focus on leadership and executive development leaves business people scratching their heads because it turns leadership into some high-fallutin' function and avoids wrestling with business realities.

An entrepreneur in the produce trade, spending countless hours buying and selling produce while trying to grow the business and somehow pay for the kids' braces, goes to a seminar and is told he can't lead his company if he spends so much time on the tasks at hand — it is both demoralizing and incorrect.

The key to leadership in an organization is actually knowing one's own soul. How do you achieve things? What are your competencies? What do you believe in? What do you hope to achieve? Drucker said, "Effective leaders match the objective needs of their company with the subjective competencies. As a result, they get an enormous amount of things done fast."

In small businesses, the competencies of the company often are the competencies of the owner or owning family; larger organizations can draw on more diverse competencies.

Leadership in business is typically about identifying not what is good to do but what one's particular organization can do effectively.

Perhaps we promote leadership so much because true leadership is so rare. Thus we yearn for it to be present in our companies, our industry and our country. Or maybe, most of all, in ourselves. **pb**

**Leadership in business is typically about identifying not what is good to do but what one's particular organization can do effectively.**

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Reader Service # 22



# Marketplace Perception vs. Reality (Part 2): Organics

**T**he “law of perception” is the fourth of Al Ries’ and Jack Trout’s *22 Immutable Laws of Marketing*. They say, “Marketing is not a battle of products; it’s a battle of perceptions.” An unfair statement? Well, that depends on your perception.

Produce companies that perceive an opportunity in responding to consumer perceptions can redefine their marketing strategies to keep pace with changing consumer consciousness.

Last month, I looked at consumer perceptions of food safety. Now I’ll turn to the second major theme of the Produce Marketing Association’s (PMA) research conducted with Cornell University to study consumers’ and retailers’ perceptions and focus on organics. We surveyed 544 produce shoppers in stores in four U.S. markets in the second half of last year. We then asked 40 produce executives representing 81 percent of U.S. supermarket sales to predict their customers’ responses.

Generally, we find consumers’ organic produce purchasing decisions are most often based on perception not reality — but like it or not, we must respond. We also find retailers generally know their customers’ minds regarding organics, with some exceptions.

Increasing organic offerings could go a long way to attract and keep organic shoppers’ dollars from competitors; almost half (47 percent) of this group say they select their primary food store based on organic selection.

Health is a key motivator for organic shoppers: 84 percent buy organic because they perceive those items to be more healthful than conventional. That science is still out on that topic doesn’t stop many consumers of organic produce from believing it. And it often seems to me that the more educated consumers are, the more strongly they hold this belief.

The environment is also important to this group: more than two-thirds prefer organics in bulk to reduce packaging waste. Retailers and suppliers know the operational and regu-

latory challenges of keeping organics separate from conventionally grown and in getting the right ring for the item. If you want evidence produce companies are responding, you need look no further than the flurry of new environmentally friendly packaging, ranging from degradable plastic clamshells to fiber trays.

This stood out this year in PMA’s first Impact Award: Excellence in Produce Packaging. Where it is feasible to offer organic items in bulk, that is the preferred option. Where it is not, marketers should develop packaging that appeals to these shoppers and do everything they can to communicate the benefits of the packaging. Packaging can and should convey a great story if you have one to tell.

The organic sector doesn’t own these topics; we all should have some level of story to tell about how we are reducing our environmental footprint and about the health benefits of the foods we grow. So, tell your story!

Conventional produce shoppers are not unaware of organics; 36 percent disagree with the statement they “don’t pay much attention to” organic fresh produce. Only 23 percent say organic produce doesn’t look as good as regular; almost half (47 percent) perceive organic fresh fruits and vegetables as more healthful — yet they still don’t buy organics.

One barrier appears to be price. Sixty percent of conventional shoppers would buy organic produce if it weren’t so expensive; retailers predicted this to the same percentage point. Yet, putting organics on sale is lost on conventional shoppers — 75 percent are unaware of sales or not convinced of organics’ benefits enough to part with their money.

With these conventional produce consumers, I think matters of relationship reign supreme. They aren’t swayed as much by environmental issues and feel conventionally grown items are just as healthful as organic. Nearly 62 percent of conventional shoppers told the researchers they strongly favor “local”

**M**arketing produce today is as much about fostering trusting connections with consumers as it is about giving shoppers product information.

over organic produce; local is sought at least sometimes by almost 70 percent of all shoppers. The upsurge of consumer interest in local produce, combined with a distrust of imported produce, indicates strong “home-grown” retail programs may be well received.

Virtually everyone in our industry can play the locally grown card in some way. Consumers’ definition of local is variable. As Jim Prevor wrote last month, a good marketing strategy ought to “emphasize the authenticity of their production locales and the experience and integrity of the farmers who grow the produce.”

Organic produce has sparked the desire of many consumers to have an emotional connection with the land and the people who bring the produce to them. Conventional produce suppliers can borrow a page from the organic industry’s marketing playbook. The same emotional perspectives fueling interest in organics and locally grown challenge our industry to reconnect with basic agrarian values.

We have the tools to win shoppers’ mind-share but need the right perspective to use them properly. Produce marketing is not a battle of organic vs. conventional or local vs. imported. It’s a battle of perceptions. Our response will make — or break — the sale. Remember — “Marketing is not a battle of products; it’s a battle of perceptions.”

## Perceptions Can Be Changed

It is hard to overstate the importance of organic produce sales to the overall industry. It is not that it is such a large business — less than 1 percent of all American farm and grazing land is certified as organic, and the best estimates are that organic product, despite higher price points, still accounts for only about 2 percent of all retail sales of fresh produce. But it has been a growth area and, because supply of organic produce is constrained — land that has been used to raise conventional produce must go through a 3-year transition before produce grown there can be certified as organic — it is one of the few areas where growers can make good profits.

Yet it is also an area of great complexity when it comes to marketing.

First, there is a bifurcated market. Some consumers seek out organics and strongly prefer them. Other consumers may or may not buy them, depending on availability, quality and price.

Pursuing the motivated organic consumer may require a larger commitment than many retailers are able or willing to make and, in fact, it may require a commitment that goes beyond the boundary of the produce or perishable departments.

This is where research interpretation gets tricky. Although, as Bryan says, PMA's research found "almost half (47 percent) of this group [organic shoppers] say they select their primary food store based on organic selection," it doesn't follow that a retailer increasing its organic selection by 10 percent will gather more customers.

There may be a set point — a minimal offering — of organic that will cause those shoppers motivated to buy organics to prefer a particular store or to find a particular retailer acceptable.

It also may require an initiative that goes beyond produce to attract true organic devotees. After all, consumers who are passionate about organic produce may also be passionate about organic meat, deli items and grocery products.

It is also possible that a passion for organ-

ics may be a proxy for some other attribute. For example, consumers with a passion for the environment or social justice may be influenced in their choice of a primary shopping venue not only by a product selection very heavily skewed toward organics but also by a retailer that has adopted an ethos with which this customer feels affinity.

One of the problems many conventional retailers have in marketing organics is that there is a natural hesitancy to promote any advantage to the consumer of organic produce. Conventional retailers can accept the notion of offering consumers choice, but they often hesitate to provide any justification for the price differential.

In contrast, retailers who focus on organics tend to be comfortable making stronger claims about the product.

Our own research here at PRODUCE BUSINESS indicates Americans buy organics primarily for health reasons. This is problematic for many marketers since the evidence that people will live longer or not get diseases as a result of eating organic produce is virtually non-existent — certainly health claims of this nature have not been approved by the FDA or other authorities.

As one of the judges of the PMA Impact Award competition, this author saw firsthand the many efforts being made to produce environmentally friendly packaging — yet, almost inevitably, the reason these packages are not the industry standard is either that they don't work as well in actual use as already existing packaging or that they are more expensive. Whether consumers are willing to make a trade-off is certainly an area that can benefit from further research.

In a sense, it is not surprising price would be an obstacle that discourages conventional consumers from buying organic. After all, most consumers cannot provide detailed assessments of what organic means — they simply assume it is better. Therefore, the only reason not to buy organic would be price.

If you really want to get into consumer psychology, consider this: Although consumers report the price of organics as being

**Though we agree that marketing must deal with perceptions, the industry has the power to influence consumer perceptions.**

an obstacle to purchase, perhaps if organics were customarily sold at a discount to conventional, consumers might judge them to be of inferior quality. In this sense, the organic premium actually creates demand for organics.

Organic, which was the hot deal in produce until yesterday, has been supplanted by local in the opinion of both many retailers and much consumer research. Yet, even with local, as Bryan references in his comments, there are subtexts — consumers being patriotic, looking for fresh, looking for inexpensive, etc.

Sometimes getting away from the labels and focusing on what those labels mean to consumers can open the door to effective marketing. Though we agree with Bryan — and with Trout and Ries — that marketing must deal with perceptions, we also think that the industry has the power to influence consumer perceptions.

And two perceptions worth impressing on consumers are that consuming any type of fresh produce — conventional or organic, international, national or local — is healthful for individuals and that growing any type of fresh produce is an environmentally friendly use of land, maintaining open space, preserving topsoil and supporting rural communities.

# Subprime Crisis Affects Us All



From Jim Prevor's *Perishable Pundit*, Dec. 14, 2007

If the subprime crisis is not resolved soon, perfectly good companies will go bankrupt. Why? Business depends on rolling over debt and getting short-term waivers of covenants.

Few companies could stay in business if their creditors demanded immediate repayment and nobody else would play banker. This is true even if the companies have never made a late payment nor violated any covenants.

The subprime crisis is not so large — catastrophic losses in this area are estimated not to exceed the value of 3 percent of the world's public stock markets. The problem is nobody knows the extent of the losses or who holds what securities. Subprime mortgages are not generally held as individual mortgages. After they are issued, they are revamped into securities but the securities do not hold full mortgages.

If you have \$10 billion in subprime mortgages, you might sell them in ten tranches of a billion each. The top tranche has first dibs on any money collected. Those investors will probably be paid in full with interest. But the 10th tranche has last call on any money.

Until it is clear who owns what, and what it is worth, banks are hesitant to lend, especially to other banks or financial institutions that might have exposure to this area.

But banking depends on borrowing as much as lending, so hesitancy to lend to a bank quickly translates into hesitancy by the bank to lend.

A combination of higher interest rates and a liquidity squeeze leads banks and financial institutions to refuse to waive covenants and to decide at a loan expiration date to reduce exposure.

Although the PACA trust generally secures most produce vendors, it is not a 100-percent guarantee, and if you sell things not covered by it, it is not a guarantee at all.

The government is desperately trying to do something, but the situation is constraining. The dollar is weak, commodity prices are high... if the Fed tries to lower interest rates enough to save all these institutions, we can expect inflation to zoom.

Many of the government proposals are going to make the problem worse. The government has tried to encourage a pool to buy some of the subprime mortgages from major financial institutions. They could all be sold tomorrow at market price without any pool, but the point seems to be to avoid selling at market price. This proposal will make the situation worse by obscuring market prices when what we need is clarity.

The President pushed subprime mortgage holders to agree to a complicated program by which certain mortgages with low initial "teaser" rates will not be reset for a few years. It excludes more people than it includes and probably won't do much harm or much good. But the principle of government pressuring people to change the terms of contracts between private parties will hurt capital markets in the future.

Many other plans are outright catastrophes. For example, John Conyers, the Democratic Chairman of the House Judiciary Committee, is pushing a bill to rewrite bankruptcy law to allow bankruptcy court judges to reduce the principle amount due on a mortgage and let the debtor keep the house. Mortgages will become much more risky to grant, which means they will become much more expensive.

Many bad outcomes have a silver lining. Each family's situation is a source of sadness. But the story doesn't end there. The houses don't get knocked down; they wind up being resold to new families, probably, at lower prices these families can actually afford.

Long term, we could take a few steps to reduce the likelihood of this happening again:

## 1. Appraisers must be independent

Even if everyone defaulted on their subprime mortgages, accurate appraisals should mean losses are minimal. But when the issuers of mortgages rarely hold them for long, the incentive structure is bad. Mortgage originators call the appraisers. If the appraiser comes in with low numbers, the originators never call him or her again.

We need a pool of certified appraisers who give out the jobs. The originators would just ask the "Appraisers Society" to send an appraiser and it would do so in random order. The originator could challenge an appraiser for incompetence or demand an appeal appraisal, but the originator could never control who gets hired to do appraisals.

## 2. Mortgage brokers' incentives need to be fixed.

Mortgage brokers sometimes get paid based not just on a loan's value but on how high a charge they can get. This makes them like car salesmen who get a commission on how high a profit they can get. We should never allow mortgage brokers to have any financial incentive to steer clients into more expensive products.

Another issue is responsibility. It doesn't work perfectly but at least a stockbroker has the responsibility to make sure what you buy is appropriate for your investment goals. That is why they always make you fill out those forms defining your goals.

Mortgage brokers should have similar responsibilities. It is a free country and if a guy wants to stretch to buy a house, he should be able to, as long as someone wants to lend him the money. But let's make him fill out the form and declare he wants to do that.

## 3. We need more flexible financial instruments.

We need markets that would serve to reduce the cost of living in a home. Why couldn't someone buy a house and simultaneously sell the appreciation rights to that house? We need to find ways to facilitate these things so people can get nice houses for their families without stretching so far.

## 4. We need to reduce the cost of housing.

The growth of interest-only mortgages and subprime options has enabled home prices to keep going up, but the dangers have been obvious for a long time. It is one thing for home prices to go up due to inflation or increasing incomes. But our home prices have been going up due to a combination of people devoting an increasing portion of their income to housing and easier financial standards, such as no longer requiring payment on principle. That meant it had to stop at some point.

There are probably four things we can do to address this problem:

**1) Governments have to move faster.** Permit and zoning approvals can take months. Time is money and we need to have default systems that grant approval if action isn't taken within, say, 30 days.

**2) Building codes are often antiquated, restricting use of prefab construction, plastic pipes and other economical methods.** We need a national board where anyone could bring a complaint that a restriction is not based on science. This would free us of local political fiefdoms that have kept these inefficiencies in the building codes.

**3) Density is typically key to reducing costs.** It also fits very well with the new sustainability ethos as urban dwellers tend to use cars less and leave less of a carbon footprint on the planet. All over the country, density is treated as the enemy, yet if we want affordable housing, it is essential.

**4) Houses have gotten very large and we may need to rethink this.** Tax policies encourage excessive home purchases. Instead of a tax deduction on a mortgage payment, why not a home-ownership tax credit at a fixed amount?

This is definitely a market environment in which "Cash is King" and caution is the watchword.

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# A New Vision Of Leadership

As the produce industry moves into an increasingly complex future, some question whether we are providing enough leadership training and guidance to our up-and-coming generations.

By Jodean Robbins



**B**uilt on our grandfathers' and great-grandfathers' belief in working hard, the produce industry has survived and thrived through countless generations. But as new technological and governmental issues force the industry into more direct relationships with other sectors and as retail consolidation pulls corporate America into our family circle, some say we need to ensure our current and future leaders are prepared to meet the new challenges of our evolving industry.

"The produce industry becomes more sophisticated every year," states Will Wedge, director of produce merchandising for Hannaford Bros. Co, Scarborough, ME, a wholly owned subsidiary of Delhaize America, Inc., Salisbury, NC. "Things like food safety, recalls and other current happenings in our industry are forcing us to become more sophisticated and aware of consequences."

"We are at a juncture in our industry's history where leadership is probably more important than it's ever been," says Mike Stuart, president of the Florida Fruit and Vegetable Association (FFVA), Maitland, FL. "When you look at the challenges confronting this industry, we need

people to step up to the plate to help articulate solutions and vision for our industry, especially people in industry companies. In recent years, the tomato and leafy greens industries stepped up and outlined the needed changes. Although they weren't particularly well-received at first, the industry is now recognizing they're the things we need to do."

The skills, capabilities and attributes of leading in this century are different from those of the last century. "We are on the verge of a leadership crisis," according to Julie Krivanek, president and owner of Krivanek Consulting, Inc., a Denver, CO-based strategic planning company. "We have more challenges, but we have fewer people. We have fewer capable leaders and we have senior leaders who are derailing because they do not have the capabilities needed to deal at these complex levels. We're hiring CEOs and others from outside industries because we have insufficiently developed our own."

"The more complex an industry is, the greater the need for leaders," notes Lorna Christie, senior vice president of industry products and services for the Produce Marketing Association (PMA), Newark, DE. "I spent 15 years in the direct marketing industry and its evolution parallels

produce. There was a transition from family ownership to corporate environment and internationalization. The need for leadership becomes more and more critical and the trigger is the complexity."

Paul Kneeland, vice president of produce and floral for Kings Super Markets, Inc., Parsippany, NJ, agrees with this assessment, saying, "As the labor shortage continues and technology evolves, there will be fewer leaders available, so it is absolutely important to develop them now and prepare them for the future."

### Retaining And Recruiting

Facing the increasing complexity head on requires a broad base of qualified leaders who

**"As the labor shortage continues and technology evolves, there will be fewer leaders available, so it is absolutely important to develop them now and prepare them for the future."**

**— Paul Kneeland  
Kings Super  
Markets, Inc.**

need to be developed from within or recruited from without. "We need to cultivate the next generation of leaders," claims Wedge. "Let's face it — our produce world is not easy. It is dynamic and fast paced. It is an industry of constant change, but it's not an easy job. You've got to pick the right people and spend time to cultivate them."

"As our industry changes every day, there is a growing need for stronger, younger and more dynamic people to step into leadership roles," adds Steve Barnard, CEO of Mission Produce, Inc., Oxnard, CA, and chairman of the PMA Education Foundation (PMAEF), Independence, OH. "The industry needs to recruit smart, energetic, passionate people, train them, then get out of the way. This is a long-term process, needing a long-term vision and commitment. This business is not for everybody, and there will be an attrition rate. Start now or 10 years from now."

Employee satisfaction and retention — something near and dear to many retail produce department hearts — is a benefit of leadership development. "Training and develop-

## LEADERSHIP EXAMPLE: FLAVOR TECH UNIVERSITY

**F**amily Tree Farms, Reedley, CA, developed a comprehensive, hands-on training course for store-level produce personnel. The course grew out of an experience Don Goforth, director of marketing, had with a store-level produce employee who expressed feeling intimidated by customers who asked questions he wasn't prepared to answer and who considered those customers an interruption.

"We realized the need to empower those retail workers who are interacting with customers and help develop leaders within their store," explains Goforth. "We look at anything we can do to increase their understanding, their abilities and their confidence to talk to customers. We've been doing it actively for years now."

The course is a 2-day program combining field study and classroom. "We put [the attendees] in the field so they're out there with the farmers or on the production line," he explains. "They get an intimate firsthand look at how things happen. Then they get classroom training where we talk about retail trends, how to talk to customers, different demographics and other issues."

Attendees are of Family Tree Farms partners who are selected on an invitation-basis to participate. "We try to keep the class limited to about 20 to 25 people, so it's a manageable group," notes Goforth. "We're now working with other suppliers to expand the program to include other

facilities and commodities."

The program is yielding great results in sales and employee retention. "We're seeing an improvement in retention rates among the stores who participate," he adds. "The trained people stay."

The Flavor Tech program mirrors Goforth's commitment to mentoring and training the industry's future managers and leaders. "We all can take roles to help better the industry," advises Goforth. "If we don't, who will? If we don't make industry professionals out of the young guys and gals who are coming through the ranks, we have no one to blame but ourselves. Mentorship is a big deal because you don't learn the industry in school. Kids are taught theory of supply-side economics or farming or agronomy, but the heart-and-soul core of the industry can't be taught. You have to live it, breath it, smell it, taste it."

"Our industry is not recruiting the leaders of tomorrow effectively," he continues. "Our industry needs to greatly enhance what we do in terms of recruiting talent. People will go into a produce department and see it merely as a job until they can move onto something else. Once they understand the industry and have the opportunity to go to a convention or a Flavor Tech-type program, they see the industry as the vibrant, complex industry it is. Then they can envision themselves in the industry for the long haul, but you have to show it and teach it."

**pb**

ment are critical to employee growth and satisfaction," explains Victoria Backer, senior vice president of member services and foundation for the United Fresh Produce Association, Washington, D.C. "We're seeing more statistics about what is driving this generation and it's increasingly about satisfaction and not so much about money."

"It's an interesting time in our industry right now," declares Steffanie Smith, CEO of River Point Farms LLC, Hermiston, OR, and 2-year member of the United Fresh board. "Leadership development can be especially important to keep employees excited and not just looking for the next pay increase or better job."

As competition for the most talented people continues to rise, experts say the industry must train and retain. "We're looking at how we keep people in the industry once we get people into the industry," notes Cindy Seel, execu-

tive director of PMAEF. "To do this, they need to get excited about becoming a leader. We need to look at this as an industry issue. This is the future, whether the person comes to work for you today or later on. Every industry is feeling the competition for talent right now and if we don't get out there and show what we're doing, we'll be left holding the bag."

"Because our industry has a family mentality, it's easy to understand investing time in employees," explains PMA's Christie. "The same principles apply to retaining employees. You want the longevity in your business, so it's not about looking at training as a business decision as much as an investment in your business family."

"Everyone wants to feel they have a stake in what they do every day," states Smith. "If you're not allowing them to contribute and grow, either they won't have the attributes you want



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them to have or if they are talented, they'll become frustrated. A lot of it comes down to taking the time to mentor employees and industry people. At the end of the day encouragement and kind words are invaluable."

The benefits of continued leadership development adhere to current industry leaders as well. "Those of us who want to remain in the produce industry for another decade really need to continue to improve our skills because 10 years from now, it's going to be very different," says Hannaford's Wedge. "If we who are leaders today are not prepared, we will never be successful leaders in the future. What I have to offer today won't be as valuable 10 years from now."

**"The industry needs to recruit smart, energetic, passionate people, train them, then get out of the way. This is a long-term process, needing a long-term vision and commitment. This business is not for everybody, and there will be an attrition rate. Start now or 10 years from now."**

**— Steve Barnard  
Mission Produce**

Mark Affleck, president and CEO of the California Avocado Commission (CAC), Irvine, CA, and author of several books on change and leadership, agrees. "Being a leader no longer guarantees survival. Leaders in 21st century organizations are being jettisoned into the night. Employers are replacing job security with support security, which demands we are perpetually relevant and producing sustained value for a real customer in a real market against real competition."

## **A Vision For The Future**

Before digging deeper into the issue of leadership development, one must understand first and foremost what constitutes a leader — a term with a multi-faceted definition. Writer, professor and management consultant, Peter Drucker, who is now deceased, believed

# Q&A

## **Q&A with Larry Johnson**



**Larry Johnson is president of the Johnson Training Group, Scottsdale, AZ, and a speaker at the upcoming 2008 Produce Marketing Association Leadership Symposium.**

Johnson is a world-renowned management strategist and relationship marketing advisor. His book, *Absolute Honesty: Building A Corporate Culture That Values Straight Talk and Rewards Integrity*, will be the focus of his seminar at the Newark, DE-based Produce Marketing Association (PMA) Leadership Symposium. Here, he talks about the *Six Laws of Absolute Honesty* and other items he plans to share with PMA symposium attendees.

**PB: Why is the issue of honesty in leadership important?**

**LJ:** From the obvious aspect, it keeps you out of trouble. From a leadership perspective, in not being honest you risk impeaching your credibility. During the research we conducted for *Absolute Honesty*, we found people who work in companies where they perceive their companies as honest are more likely to stay. They also rate their morale as higher. People prefer to work where they perceive their company and leaders are doing the right thing.

**PB: How can leaders create an open-communication environment in their workplace?**

**LJ:** Our book offers the *Six Laws of Absolute Honesty*, which I'll be discussing at the PMA Symposium. No.1 is *Tell the Truth*. No. 2 is *Tackle Problems as they Occur*, basically not sticking your head in the sand and pretending something isn't an issue. No. 3 is *Disagree and Commit*, meaning you should encourage people to disagree and express their opinions but you must also have them commit to the end result so there is no complaining or dissenting once you begin implementation of the agreed outcome. No. 4 is *Welcome the Truth*. As a leader you must be willing to welcome the truth if you want people to tell you the truth and put defense mechanisms aside. This can be tough when people are telling you the truth about your own pet project, but it is essential to creating an open environment. No. 5 is *Reward the Messenger*. The halls of business are lined with dead messengers so don't discourage your employees from bringing the truth to you. Lastly, No. 6 is *Build a Platform of Integrity*. Create ground-rule guidelines by which you operate, which include the ethic of being open and honest. When leaders practice these six laws daily and institutionalize them, the odds you'll create this kind of culture go up.

**PB: What is the biggest benefit to a company of open communication at work?**

**LJ:** Creativity flourishes more openly because communication flows more openly. Also, you spend less time on dysfunctional family dynamics. In the book, we talk about the amount of energy, money and time wasted on non-productive activity.

**PB: Aren't there some risks in telling employees it's OK to be completely open? A lot of bosses would be terrified of that.**

**LJ:** Yes, but you have to compare those risks with the risk of you being a naked emperor where people aren't telling you what's going on. Again, you have to have a real strong ethic you reinforce and train.

**PB: Is there enough focus on integrity and honesty in today's workplace?**

**LJ:** I don't think there is ever enough, but I think it has improved since all the scandals of 2001 and 2002. The scandals created in a lot of companies an agenda of discussion, which is good. A good example we use in the book is Johnson & Johnson [based in New Brunswick, NJ]. It's a very successful company that has been identified as one of the best companies to work for. It operates on its credo, which is a document written in 1943 and still in use today. This credo, which states it is first and foremost responsible to its customers, is one of the reasons it came out of the Tylenol cyanide scare with still-high customer loyalty, even though some of the decisions taken during that time were expensive and difficult.

**PB: What is one thing industry leaders can hope to take away from your session at the PMA Leadership Symposium?**

**LJ:** A simple step-by-step approach to creating a culture of openness and honesty, and we'll have a lot of fun.

**pb**

integrity of character, above all else, is the key to good leadership. According to Rick Wartzman, director of the Drucker Institute at Claremont Graduate University, Claremont, CA, Drucker wrote, "For it is character through

which leadership is exercised; it is character that sets the example and is imitated. Character is not something one can fool people about. The people with whom a person works, and especially subordinates, know in a few weeks

whether he or she has integrity or not.”

Michael Cavallero, president of Dole North America Tropical Fresh Fruit Co., based in Westlake Village, CA, says, “Leadership is the ability to set clear direction and vision and inspire others. At Dole, we look for people with good communication skills, strong ethics in dealing with others and adaptability in responding to change. Leadership inspiration

change consultant, executive coach and a senior contributor to the Tom Peters Company, Boston, MA. “Or maybe it is useful in the sense there’s no prescriptive, cookie-cutter approach to leadership. We’ve all seen hands-on and strongly directive leadership, as well as hands-off and more facilitative leadership, and we’ve seen them both work, sometimes by the same individual. This argues for a more flexi-

cate a vision and then inspire other people to accomplish the vision,” agrees Janet D. Erickson, executive vice president of purchasing and quality assurance for Del Taco LLC, Lake Forest, CA. “It is getting other people to see what they might not be able to see on their own. A successful leader needs intelligence, good communication skills, visibility, self-confidence, courage, charisma and drive. Being a leader is a gut thing. You have to be willing to fail and have self confidence bordering on a healthy and strong ego.”

Risk-taking is part of successful leadership. “Leadership ultimately is about motivating, inspiring and influencing people to go into one direction for some ultimate end result,” notes River Point’s Smith. “To lead, you must be willing to take responsibility and risk. You have to take the good with the bad. A lot of grief comes with leadership in addition to the successes.”

“I see a leader when I see a person who is willing to look into the future, make decisions, take a little risk and not act self-servingly,” states Karen Caplan, president of Frieda’s, Inc., Los Alamitos, CA, speaking from her experience as a volunteer leader of several organizations. “Leadership is not doing what’s best for



Will Wedge



Meredith Auerbach



Cindy Steel



Don Goforth



Ed McLaughlin

is a product of trust and personal integrity. When I trust the people I work with and they trust me, we all head in the same direction and good things happen.”

“The Merriam-Webster dictionary defines ‘lead’ as ‘to guide on a way, especially by going in advance’ and ‘to direct on a course or in a direction.’ But there are so many ways to guide, I don’t know if it’s a useful definition,” explains John O’Leary, an organizational

able, imaginative, ad hoc approach to leading.”

Developing and promoting a vision is a recurrent theme. “Leadership is the ability to motivate or move people toward a shared common goal or vision,” states FFVA’s Stuart. “You must have a vision in order to lead people toward it. The ability to create a vision or be able to work with people to develop it is one of the more challenging aspects of leadership.”

“A good leader can identify and communi-

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you, but looking into the future and doing what is really needed. It is very risk-oriented. Sometimes in providing leadership you have to give up a lot. It's not all about you."

A common attribute of a good leader is the ability to communicate at many levels. "A good leader can connect with the people working at all levels of an organization, and they are genuine in their communication,"

through being a leader."

Good leaders also excel at empowering others and are not threatened by the talent of their co-workers. "Being a leader is hiring people who are better than you are," advises Smith. "My success is because I've hired people who were smarter and better in areas than I was. It's seeing it as an asset."

"Successful leaders are gifted at identifying

to see from what parts of the company the new leaders were emerging — the ones who were modeling the values of the organization, the ones who were volunteering for projects and the ones who were most influential on their teams. It turned out nearly all future leaders were coming from two departments where there were two senior managers who excelled at developing people. Each of them took talent

development quite seriously. They spent a lot of time and energy coaching and developing their people and reviewing their performance. And they loved doing it. Great leaders grow leaders."



Janet Erickson



John O'Leary



Julie Krivanek



Karen Caplan



Lorna Christie



Mark Affleck

reports Hannaford's Wedge. "They have very strong interpersonal skills, allowing them to be very intuitive as to what is on the minds of the associates who work for them."

"A good leader has good people skills," concurs Caplan. "They have to be an excellent listener. If you're not sincere in your listening, people see through it. Credibility is important — you can't bull\*\*\*\* your way

future talent and not just the current talent," Wedge adds. "They can identify people in their team who have the ability to be leaders."

True leaders embrace this task. "Great leaders recognize their job and long-term responsibility are to grow leaders around them," explains Tom Peters' O'Leary. "I sat with a vice president of a health benefits company once and had him look over his entire organization

Drucker highlighted this point with a lesson from history and the case of General George C. Marshall, chief of staff of the U.S. Army during World War II. Wartzman explains, "Drucker reported Marshall had the most remarkable record of putting people at the right place at the right time. Drucker wrote, 'He appointed something like 600 people to positions as general officer, division commander and so on — almost without a dud. And not one of these people had ever commanded troops before.'"

## Manager Versus Leader

Companies are advised to distinguish between leader and manager. "The textbook definition of leadership recognizes the difference between leadership and management," explains Krivanek Consulting's Krivanek. "Leadership is about the future, planning and getting things done through people. Management is about tasks and things. Common areas leaders focus on are setting vision and direction, and positioning a company both strategically and competitively. People are both leaders and managers at different times — we flip the hats back and forth in the moment."

Caplan agrees, "A manager is more task oriented. A leader is more of a risk taker and willing to be open to whatever the vision is."

"Peter Drucker had a saying I think is very apt in a world where we are starved for sound leadership across all sectors," states Wartzman. "He said, 'Management is doing things right, leadership is doing the right things.'"

For United Fresh's leadership class, Krivanek developed a business model regarding the distribution of activities in leadership versus management. "As you advance upward in an organization, you should look at what percentage of time should be spent leading versus managing," she states. "As people are promot-

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ed to the top of their organization, more of their time should be spent leading than managing. At the very senior level, about 80 percent of time should be spent leading — setting the vision, getting people organized around the vision, coaching them and strategically aligning them. Looking at the flip side, about 80 percent of a front-line person's time should be spent managing."

Some non-traditional leadership characteristics include team building and creating the right environment. "I love leaders who know how to build teams around them who can collectively wrestle with critical questions," notes Tom Peters' O'Leary. "Some leaders will turn decision-making over to these teams, while others will use the teams to provide advice. But either way, a leader should appreciate the insights emerging from multiple perspectives."

O'Leary continues, "Outstanding leaders know their job is to create an environment around them. We could call it a culture, where people don't walk the plank for their mistakes but where mistakes are noted, highlighted, discussed, promoted and even celebrated, so the organization can learn lessons from its mistakes. As my colleague Tom Peters likes to say, 'Reward excellent failures.' Show me an organization where performance mistakes are punished, and I'll show you an organization where people cover up mistakes. No one learns from them and everyone repeats them. Of course, creating a retribution-free culture is no trivial undertaking, but the best leaders know how to do it."

"It is important to foster an environment in the workplace encouraging leadership," according to FFVA's Stuart. "Providing training, which gives employees the skills, is necessary, but the work environment has to be conducive to it as well. If you stifle it, you end up losing some of those good potential leaders within your organization."

In the produce industry, versatility is a noted characteristic for leaders. Meredith Auerbach, owner of Strategic Marketing Projects for Agriculture, Seattle, WA, explains, "A leader is a segment source of knowledge, an advocate for the consumer, as well as respectful of growers, shippers and retailers. We may see good leaders in a certain segment like a commodity group or an individual company but they may not necessarily successfully lead in the larger arena."

In his book, *Running in the Dark*, CAC's Affleck suggests the new type of leader revolves around creating value and notes, "The new breed of leader, the Change Age leader, knows the only thing that matters is the value we create and our ability to sustain its presence over time. Organizations in the Change Age are looking for leaders who are smart and savvy, technologically literate, glob-

ally astute and operationally agile. But most of all, they're looking for people running toward the light, exploring, experimenting, learning, growing and creating value."

## Pioneering Programs

Several associations are attempting to help the produce industry make sense out of all the

**"When I trust the people I work with and they trust me, we all head in the same direction and good things happen."**

**— Michael Cavallero  
Dole North America  
Tropical Fresh Fruit Co.**

different leadership concepts, and have provided leadership training for more than a decade.

PMA is in its 16th year of offering a leadership symposium. This year's Leadership Sym-

posium is co-partnered by PRODUCE BUSINESS, Boca Raton, FL, and Cornell University, Ithaca, NY. "The symposium is one of our favorite events," says Christie. "We see it as an investment in the future. Around 90 to 100 people attend the conference which provides training in leadership and different skill sets, depending on the needs we hear expressed from our attendees. Leadership comes through innovation, team building, product design and development, and marketing. So if you look at everything encompassing leadership, this is where our program develops from."

Networking and innovation are key to the program. "You have the value of communicating with other top-notch produce people during the program," Christie explains. "The attendees tell us this dialogue provides leadership networking links and starts career-long friendships and connections. The breakout sessions allow for discussion on how the theory applies to the actual job and provides more interaction among the participants. We incorporate a lot on innovation because it is something frequently requested from our members."

United Fresh's Produce Industry Leadership Program was launched in 1995 with DuPont Crop Protection, Wilmington, DE, as the sole sponsor. "It began as a comprehensive training program to provide leadership development,

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management skills and media/public-speaking training to help people be more effective in industry leadership," Backer describes. "The business application is also extremely important. The selection committee is charged with finding a class of 12 members representing the diversity of the United Fresh membership. So much of the networking and understanding of each other's businesses makes a stronger industry and better leaders."

Rik Miller, director of global marketing for DuPont Crop Protection, explains, "The goal of the United Fresh program is to effectively develop future leaders of the produce industry through training and practical experience in multiple essential skills for developing executives and leaders. Since 1995, we have graduated more than 130 'leadership fellows,' many who are currently leading executives of major produce businesses or leaders of prominent organizations connected to the industry. Many

grasp the passion and excitement of the industry and members. "There is a separate education program," Seel notes. "They are matched up with an industry adviser, and they network on the show floor. Many of them walk away from the program with internships or job offers. We've had at least a 54 percent success rate of placing the scholarship alumni into produce careers. Many walk away from the program with excitement for an industry they didn't even know existed. It now encompasses seven U.S. schools as well as schools in South Africa, Chile and Australia. We ran 39 students through the program this past year."

Kings' Kneeland served as a mentor for the Pack Foundation for two years. "It is a fantastic program. It was great to be a part of it. It was an outstanding experience to meet the students and see the results of what we accomplished."

"The goal of PMAEF is recruiting candidates to enter the produce industry and become our

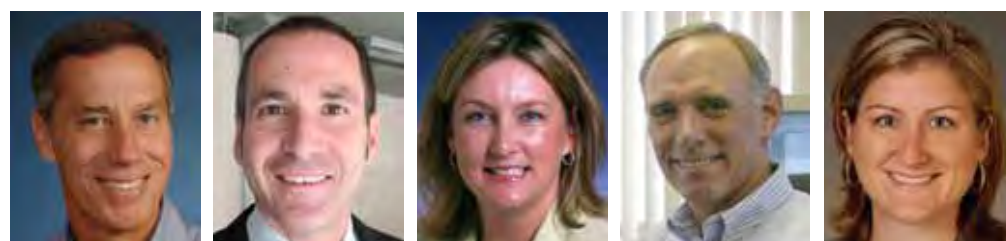
sional development, the most important thing here is the commitment to developing yourself," according to Tom Peters' O'Leary. "Leaders — especially in this unruly, disruptive global economy — need to be willing to be turn themselves upside down and inside out to learn and grow. To paraphrase quality guru William Deming, it all starts with personal transformation. So I always invite people on the leadership track to become life-long self-development junkies. It can start with books and tapes, but there's nothing like interactive workshops and trainings, as well as individual coaching."

## The Produce Dilemma

Comparing the numbers of participants in these programs with the size of the entire produce industry points to a huge gap. The industry is challenged to ensure it has effective leaders at all levels.

According to Krivanek Consulting's Krivanek, there is often a misconception in the produce industry when it comes to a professional concept of leadership. "The disconnect in produce can present enormous challenges," she notes. "The Fortune 500-type corporations are a little more sophisticated in training, development and staffing for their leaders, so there is more understanding of what leadership is about. The environments tend to

foster it more. They commonly have some good training programs and budgets to send people for training. They seem to have the tools, training and resources a bit more pol-



Mike Stuart

Rick Wartzman

Steffanie Smith

Steve Barnard

Victoria Backer

serve on the board of directors or executive committees of various organizations and provide corporate guidance and oversight of the produce industry."

In March 2007, United Fresh premiered the Produce Executive Development Program in conjunction with Cornell University, Ithaca, NY. "It is specifically targeted for produce industry executives," reports Backer. "The interesting thing is the program was born out of an idea from our Business Development Council, which recognized the need for training at the executive level. With a class of 40 people, the course trains anyone at an executive level, including private companies and commodity boards. The program agenda mixes industry issues with more executive and leadership development training."

The Pack Family/PMA Career Pathways Fund is another example of industry innovation and preparation for future leaders. Created four years ago by Jay and Ruthie Pack and PMA, the program is part of PMAEF. "Jay has always looked at the future of the industry, and he wanted to give back to the industry in a way reaching far into the future," explains Seel.

The scholarship program brings select students and faculty to PMA's annual Fresh Summit convention with the intent of immersing students in the produce industry, so they can

future leaders," states Mission's Barnard, the foundation's chair. "As an industry, we have lots of competition for the next generation, and unless a person grew up in the business, most kids would not know much about the produce industry. As the industry changes with globalization, food safety, foreign currencies, transportation and logistics, packaging, technology, etc., we need talent to make it work. We need to recruit to get the best, and the PMAEF is doing this for the industry."

According to FFVA's Stuart, the state of Florida offers a program run by the University of Florida, Gainesville, FL, similar to programs in California and Michigan. "They focus on personal development as well as expanding the horizons of individuals," he reports. "It is a 2-year program, and it is very helpful to developing industry leadership skills."

All the various industry programs provide a wealth of opportunity for helping to develop future produce leaders. "Produce is a relationship-driven industry and networking helps in developing leadership skills and opportunities," states Strategic Marketing's Auerbach. "Sending people to good workshops, education arenas, etc., are votes of confidence in younger staff and will keep them headed to a desirable leadership direction."

"Whether we're talking personal or profes-

**"The disconnect in produce can present enormous challenges."**

**— Julie Krivanek  
Krivanek Consulting,  
Inc.**

ished and anchored into their culture than the privately held family businesses. In these larger companies, however, the leader's challenge is time. So while leaders of big companies have an edge on tools and techniques, they are really pushed for time."

Krivanek continues, "Privately held companies, generally family business and people who have grown up in the business, are not being trained from some outside expert but instead are learning from an internal expert who may have been Grandpa or Mom. They

tend to permeate and perpetuate the leadership style of their fore-parents and are sometimes at a disadvantage because they've not worked at any other company. Sometimes their education is softer than it ought to be and they often do not understand the differences in nuances in leadership and management. Their businesses are driven by day-to-day functions rather than a future direction. You have the second or third generation moving up and struggling with the leadership notion, but are dealing with leaders in corporate America like Wal-Mart and Kroger [Cincinnati, OH]."

**"As a leader, I have a responsibility to help educate the small, local companies. The success of my strategy is how well I can lead my business partners into the future."**

**— Will Wedge  
Hannaford Bros. Co.**

"The produce industry lags corporate America in the leadership race," states CAC's Affleck. "Produce people keep chortling 'Our business is different than regular business,' which is a tragic mistake because they miss the critical need to develop value-based strategic imperatives enabling them to transform their organization by interrupting the forces pummeling their world today. Those forces, if not deflected with a transformative break to alter their trajectory, will preclude any chance of arrival at an idealized end state tomorrow."

One great challenge produce leaders face is the lack of opportunity to broaden their career experience due to the family nature of the business. "It's important for heads of industry companies to think about the future and ask themselves how they can develop a specific employee or relative to be a future leader," recommends Kings' Kneeland. "There are great examples out there of introspective industry executives who have sent their children to work for a different company to widen their exposure. Companies can also take advantage of sending their most promising leaders to training or support them in volunteer positions in the industry. Unfortunately, these are tools less commonly used nowadays because everyone is tightening their belt financially."

"I have a tremendous benefit in having a

broad range of exposure and how I've grown from the diverse experience I've had," relates River Point's Smith, who grew up in the industry but has worked for several different companies. "When you're working for a small or family-run business, it's incumbent upon you to get out of your comfort zone. It doesn't necessarily mean you have to work somewhere else, but you should look for other opportunities — volunteer or whatever — to get other exposure."

"If you're a private business and you think

## JUST THE FACTS

**T**he nation's workforce is changing and the industry must pay attention to these significant demographic shifts. Attracting and retaining skilled employees is more difficult today than it has been during any other time.

By 2010 the number of 35- to 44-year-olds (the age range considered for important management and executive positions) will decline by 10 percent, just as 52 percent of workers ages 55 to 64 are poised to retire. If the produce industry follows these national trends, it will lose vital institutional knowledge and concurrently experience a leadership void.

The pool of employees, ages 20 to 44, has the slowest projected growth of any age group. This means that competition for employees will become intense, particularly for young, well-trained thinkers, who have a host of new (and sometimes lucrative) options, specialties and industries available to them.

By 2008, the number of males ages 20 to 44 is expected to shrink by 53,700.

By 2010, the number of females ages 20 to 44 is expected to shrink by 69,000.

The shrinking pool of 20- to 44-year-olds represents the lowest projected growth trends of any age group. Companies will need to focus on employee retention by providing clear paths for advancement and strong professional training and development.

*Source: PMA Education Foundation*

your son, daughter, niece or nephew can step into the senior job because they've worked there for most of their life, take them through the appropriate training," urges Krivanek. "Make them get a degree and an executive MBA, and send them to leadership programs in the industry. Find out what they are lacking and get them the skills so they are capable at the higher levels. It is not about next generations not being able to successfully lead, but

about preparation."

Leadership programs offered by associations, universities or extension programs can serve as this tool. "The skills and experiences participants gained through their participation and graduation from the United Fresh leadership program has served them well and benefited the industry tremendously," points out DuPont's Miller. "These skills have allowed them to think beyond their daily activities and look at their business and industry more strategically, developing the networks and relationships that allow them to strongly influence and shape the future of their industry."

"Owners of companies and leaders in the industry need to constantly look everywhere to do leadership development," notes Frieda's Caplan. "Big companies naturally do this and budget for it. Small companies may not be as committed to this training and it's harder for them. Also, a family business shouldn't just send the son or daughter to the seminar but should really look for those employees who may have natural leadership ability."

"People really have to break it down and a lot of it has to be company specific," adds Kneeland. "The industry's future is at stake because there won't be many leaders left to take over if we don't develop and encourage them now."

## Evolution

As technology changes the industry, leaders must evolve from all levels and sectors. Drucker believed in a world of knowledge workers — a term he coined in 1959 to describe the transition in our economy and society from using primarily our hands to our heads — where employees at all levels of an organization "must have continuous learning built into their tasks." According to Drucker's Wartzman, "In part, this is because increasing numbers of employees throughout any organization are, in effect, being called on to act as leaders. Drucker acknowledged the most subordinate manager may do the same kind of work as the president of the company or the administrator of the government agency; this is, plan, organize, integrate, motivate and measure. In 'The Effective Executive,' Drucker wrote, 'His compass may be quite limited, but within his sphere, he is an executive.' Most important, Drucker added, 'Whether chief executive or beginner, he needs to be effective.'"

"It is absolutely essential to a functioning and growing company to have leaders at all levels," agrees Kneeland. "Everybody has to contribute to the overall culture of the company, otherwise it's not as viable. At Kings, we empower our managers and allow them to put their signature on their department. In the long run, I want them to take ownership and if it's just all my ideas, they're not as apt to take

# Ed McLaughlin — MVP

By Dave Diver

Every professional sports league chooses a Most Valuable Player. It's not unusual for someone to win the honor more than once during a career, but to win the equivalency over two decades is a rare achievement. Someone who makes multi-dimensional achievements in numerous areas is a rare individual. In this instance MVP stands for Most Valuable Professor and the MVP is Ed McLaughlin, director of applied economics and management (AEM) at Cornell University, Ithaca, NY.

McLaughlin received his undergraduate degree at St. Lawrence University, Canton, NY, his master's degree at the University of Vermont, Burlington, VT, and his doctorate at

Michigan State University, East Lansing, MI. He then worked with the U.S. State Department, the United Nations and the World Bank, including four years spent in Africa.

This past summer, I was on the Cornell campus, walking through



the corridors of Warren Hall, formerly the home of agricultural economics. The bulletin boards indicated this was no longer the educational program I had known. The up-to-date topics addressed forward-looking, exciting areas of study. McLaughlin had kept his appointment with me even though it meant a trip to the West Coast — hence his casual attire — would not be completed until after midnight.

He instantly conveys all the aspects of a Type A personality. Given his achievements, he could be nothing else.

Earlier this year the AEM program was ranked No. 10 of 500 U.S. undergraduate business schools. The program, which evolved from an agricultural economics major, remains part of the College of Agriculture rather than being a stand-alone school or college.

As had many others, I had learned about McLaughlin's involvement with food distribution and produce in the 1980s. He arrived at Cornell as a professor of marketing to head up the food industry management program in 1983; in less than five years he received the Outstanding Professor Award from the College of Agriculture and Life Sciences.

Several years after he arrived at Cornell, I had the opportunity to attend one of his marketing classes. From the beginning, McLaughlin had the attention of everyone in the room. The presentation was electric.

When I asked McLaughlin how he developed his teaching skills, he replied that when he was getting his doctorate, a professor had told him "teaching was about knowledge, presentation and enthusiasm." Whether teaching, advising or consulting, McLaughlin embodies all these attributes in his daily activities.

Throughout the ensuing years, McLaughlin, in conjunction with graduate students, produced many studies and papers related to the fresh fruit and vegetable industry, many of which formed the basis for the Newark, DE-based Produce Marketing Association (PMA) Fast Track presentations.

During his early years at Cornell, McLaughlin continued his leadership, expanding the food industry management program and consulting for an assortment of business and governmental groups. But he never lost sight of his primary role — educating undergraduates. He received the Milwaukee, WI-based American Agricultural Economics Association (AAEA) Distinguished Undergraduate Teaching Award in 1993 and the Albany, NY-based State University of New York (SUNY) Chancellor's Award for Excellence in Teaching in 1998.

When McLaughlin joined the Cornell faculty, student interest in agricultural economics was declining at a rate similar to the reduced number of people involved in agriculture; students were showing more interest in broad-

ownership. The best thing is when it goes a step further and their enthusiasm draws enthusiasm from the people who work for them, which results in people being excited to stay in the industry and move up in the company."

"Pressure on leadership comes from the dismantling of hierarchy, which will continue as companies of all sizes cut back in the face of the competition storm and margin squeeze," adds CAC's Affleck.

Successful leadership in the produce industry is rooted in the need for further analysis and development and is imperative to the future success of the industry. "DuPont feels the development of top leaders for the produce industry will ensure the sustained strong viability of the fresh produce business and the many grower, packer, shipper customers we rely on for our own future in this critical industry segment," explains Miller.

The good news is the produce industry has a wealth of innovative, outstanding leaders who are providing great examples of leader-

ship programs and mentoring. "The industry is addressing this issue," according to Dole's Cavallero. "The PMAEF heavily promotes an industry-wide partnership with produce businesses to enhance the recruitment, retention, training and professional development of people in this industry. The goal here is to ensure a strong talent pool and continued leadership for our future. Dole also has a great relationship with universities and professors engaged in teaching curricula relevant to us. When they have people they feel would make strong candidates, they will contact us and pass their names along. It's a great example of business and education working in partnership."

Throughout the company, Dole has well-developed leadership programs geared toward many different levels of management. Cavallero explains, "Topics are customized to select groups to target development at each stage of growth — new leaders, mid-to-upper level management and executives. In all cases, we find there are common themes around

communication skills, business and financial acumen, and industry knowledge. We like to grow leaders from within and these programs are a great tool."

**"The produce industry lags corporate America in the leadership race."**

**— Mark Affleck  
California Avocado  
Commission**

According to Wedge, Hannaford recognizes the importance of empowering leaders with investment in this area. "The company is currently allocating resources to help leaders like me identify our weaknesses and strengths

based business education.

As the trend continued, the Cornell faculty — with substantial input from McLaughlin — set about restructuring and developing what would become the AEM program and McLaughlin become its director. It now has 40 tenured faculty members and 20 support staff teaching approximately 750 undergraduates and 65 graduate students.

After only five years of accreditation by the Association of College Business Schools and Programs (ACSBSP), Leawood, KS, AEM has the second largest enrollment of any Cornell undergraduate program. The huge growth in student applications places the acceptance rate into the program at less than 20 percent. Nearly half the students major in finance, followed closely by marketing. Graduates find employment with every type of business, many which are directly involved in food distribution and retailing.

Even with all of these activities, McLaughlin directs the Food Industry Management Program. Food industry executives, including participants from 15 countries over the last five years, attend the annual 2-week summer Food Executive Program. Over a dozen instructors represent an outstanding cross section of industry and academia. Among cutting edge topics this year were climate implications on world food production and distribution as well

as implications of alternative energy effects on world food prices.

Mike Mitchell, president, sales division of Nestle' USA, based in Glendale, CA, comments, "The Food Executive Program provides the real-world conceptual view of the grocery industry with thought-provoking lectures and exercises. It's an opportunity for long-term relationship building with industry colleagues, and for manufacturers it's an excellent management development program and a rare opportunity to learn about the retail environment from an operator perspective."

The Food Industry Management Team conducts an average of 15 to 18 programs each year. Some, done in conjunction with the U.S. Department of Agriculture (USDA) in developing countries that included China, India and Columbia during the last 15 years, stressed strategy and management techniques as well as good leadership practices.

Of particular interest is defining the ever-changing relationship between retailers and producers with emphasis on developing an understanding of the activities of each. Supply-chain simulations are used to help attendees determine the most effective operations and the advantage of collaboration. Earlier this year, the United Fresh Produce Association, Washington, D.C., sponsored a program tailored specifically to those in the produce

industry.

Two of the greatest challenges for these outreach programs are finding additional qualified staff and identifying new, viable, non-traditional ways for marketing the programs.

This year McLaughlin received Cornell's Stephen H. Weiss Presidential Fellowship Award honoring excellence in teaching, advising and outstanding contributions to undergraduate education. Among the comments cited were:

"Devoted and innovative teacher who can communicate a sense of excitement and caring, even in a classroom of hundreds of students."

"Has been tireless in creating opportunities for students."

"Raised hundreds of thousands of dollars to make Cornell a better place to educate students in the future."

"Commended for brilliance and dedication. A student's teacher bringing clarity and enthusiasm to the learning process with personal belief in the nobility of teaching students."

McLaughlin would like to see the AEM program become a stand-alone school or college for undergraduates. The challenge is for a few leaders to organize a fund-raising committee to acquire the necessary finances. He jokingly told me, "For a few million, it can be named after you." Realistically, it should be named after Ed McLaughlin.

**pb**

and then implement plans for further development. I'm proud of my company for investing to make me a better director and leader within the company. It boils down to the company and individual being willing to get the feedback and figuring out what to do with it."

Mission's Barnard notes the importance of leaders and their companies growing together. "As Mission continues to grow as a company, the leaders today need to continue to grow also, or they will be left behind. We not only encourage personal development, we will pay for it — as long as it pertains to our needs."

Kings' Kneeland reports on an informal program in addition to its more formal corporate management training. "One thing we've done here at Kings is set up teams in the company. Each team elects a team leader who is responsible to get everybody to turn in requested tasks," he explains. "For example, we run a contest, so we ask the team leaders for input on various aspects of the contest. It works to accomplish the goals of the division,

fosters teamwork and leadership, and allows us to have fun with it."

About five or six years ago, Frieda's Caplan and her sister, Jackie Caplan Wiggins, vice president and sales operations manager, funded a family business scholarship through United Fresh to encourage young leaders to participate in legislative lobbying in Washington, D.C. "We wanted to develop this program so our young leaders can better understand the importance of speaking out and demonstrating leadership."

Industry icon Frieda Caplan provided fabulous risk-taking leadership at her company. "She gave women a chance at a time when women weren't even seen as viable candidates for the industry," states Caplan, who created Women in Produce in an effort to foster the leadership and networking of women in the industry.

As the future promises to provide ample challenge to our industry, current and future leaders will be tasked with looking for solu-

tions beyond just their immediate company. "It may become harder for the local farmer to keep up with the big companies because of the demands coming down the pipeline around traceability, labeling and other things," says Wedge. "Part of leadership is the ability to keep your company successful in the future and continue to be relevant. As a leader, I have a responsibility to help educate the small, local companies. The success of my strategy is how well I can lead my business partners into the future."

"If you're a senior person, it is your No. 1 job to get those who'll come after you ready," Krivanek Consulting's Krivanek states. "Mentor them, boost their strengths, so they'll understand how to use them. Look at what you're doing on an annual basis to get them ready to take over leadership some day. If we don't do this, we do the organization a disservice, we can impair the business, and we can potentially ruin the career of a person by placing him or her in a position where he or she can't succeed."

**pb**

## WAL-MART PRICING STUDY ROUND XVI

# Wal-Mart Gets Beaten At Its Own Game



*In Sacramento, Wal-Mart loses on price comparison with two stores and ties with another; is this a sign of future problems?*

BY JIM PREVOR

Conventional supermarkets have struggled in no small part because they have found themselves caught in the middle of a squeeze play. On the one side, they had Bentonville, AR-based Wal-Mart Supercenters and warehouse clubs that were crushing conventional supermarkets on price, and on the other end they had specialty supermarkets, such as Austin, TX-based Whole Foods and San Antonio, TX-based H-E-B's Central Market concepts, offering superior assortment and quality.

Now, as the *PRODUCE BUSINESS Wal-Mart Pricing Study* rolls into its 16th edition, we visit Sacramento, CA, and we see that Wal-Mart may be starting to feel squeezed itself.

In Sacramento, we selected three competitors that are particularly price-oriented:

1. **FoodMaxx** bills itself to consumers as "your maximum discount supermarket" and promotes itself with "The FoodMaxx Promise," which goes like this:

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## Wal-Mart Supercenter vs 3 Chains Prices Available To

Produce Item	How Sold	Wal-Mart Supercenter	FoodMaxx	% Over Wal-Mart	Food Source	% Over Wal-Mart	WinCo	% Over Wal-Mart
Apples — Granny Smith	Lb	0.98	0.89	-9.18%	0.77	-21.43%	0.89	-9.18%
Apples — Red Delicious	Lb	1.06	0.89	-16.04%	0.77	-27.36%	0.89	-16.04%
Apples — Fuji	Lb	1.48	0.89	-39.86%	0.99	-33.11%	0.98	-33.78%
Artichokes	Each	1.50	1.50	0.00%	1.50	0.00%	1.50	0.00%
Avocados	Each	0.93	1.18	26.88%	0.97	4.30%	0.98	5.38%
Bananas — Yellow	Lb	0.50	0.68	36.00%	0.47	-6.00%	0.53	6.00%
Blueberries	Pkg	2.77	2.97	7.22%	2.97	7.22%	2.87	3.61%
Broccoli	Each	1.88	0.97	-48.40%	0.97	-48.40%	1.19	-36.70%
Broccoli Crowns	Each	0.98	0.98	0.00%	0.97	-1.02%	0.97	-1.02%
Brussels Sprouts	Pkg	2.67	1.98	-25.84%	2.27	-14.98%	2.48	-7.12%
Cabbage — Green	Lb	0.48	0.38	-20.83%	0.27	-43.75%	0.47	-2.08%
Cabbage — Red	Lb	0.64	0.48	-25.00%	0.47	-26.56%	0.65	1.56%
Cantaloupe — Whole	Lb	1.48	0.38	-74.32%	0.37	-75.00%	3.58	141.89%
Cauliflower	Lb	2.23	0.98	-56.05%	1.17	-47.53%	1.98	-11.21%
Celery	Lb	1.37	0.68	-50.36%	0.57	-58.39%	0.78	-43.07%
Cherries	Lb	3.97	4.28	7.81%	4.47	12.59%	3.98	0.25%
Coleslaw — 1# Bag	Bag	1.18	0.98	-16.95%	0.98	-16.95%	1.18	0.00%
Corn — Yellow	Lb	0.20	0.48	140.00%	0.33	65.00%	0.98	390.00%
Cucumbers — Regular	Each	0.38	0.48	26.32%	0.49	28.95%	1.18	210.53%
Dressing — Bottle	13 oz	2.88	3.98	38.19%	3.73	29.51%	2.16	-25.00%
Eggplant	Lb	0.83	0.68	-18.07%	0.67	-19.28%	0.93	12.05%
Grapefruit — Red	Lb	1.25	0.68	-45.60%	0.57	-54.40%	0.97	-22.40%
Grapes — Green Seedless	Lb	1.68	1.58	-5.95%	1.37	-18.45%	1.58	-5.95%
Grapes — Red Seedless	Lb	0.98	1.58	61.22%	1.37	39.80%	0.97	-1.02%
Honeydew — Whole	Each	2.68	0.48	-82.09%	0.47	-82.46%	2.58	-3.73%
Jar Fruit — Del Monte	Jar	1.50	1.58	5.33%	1.50	0.00%	1.29	-14.00%
Kale	Lb	0.33	1.28	287.88%	1.17	254.55%	1.27	284.85%
Kiwi	Lb	0.33	0.48	45.45%	0.33	0.00%	0.43	30.30%
Lemons — Bulk	Lb	0.33	0.48	45.45%	0.33	0.00%	0.43	30.30%
Lettuce — Green Leaf	Lb	1.38	0.78	-43.48%	0.77	-44.20%	1.29	-6.52%
Lettuce — Iceberg Bulk	Lb	0.98	0.78	-20.41%	0.87	-11.22%	1.39	41.84%
Lettuce — Red Leaf	Lb	1.38	0.78	-43.48%	0.77	-44.20%	1.29	-6.52%



*it's our commitment to continually find ways to bring you the lowest possible price on all your grocery needs, without sacrificing freshness or quality.*

*We are committed to making every dollar go further and ensuring that you take home the most groceries, for the lowest possible price.*

The Save Mart Supermarkets organization, with headquarters in Modesto, CA, operates 44 FoodMaxx stores, many of which are former Food 4 Less stores that Save Mart acquired in 2004.

2. **Food Source** is part of the Sacra-

mento, CA-based Raley's organization, and Raley's commitment to the concept is uncertain. Although Raley's Web site proudly trumpets its Raley's, Bel Air and Nob Hill Foods banners, one has to dig deep to learn about the connection with Food Source. In the end, this is the way the concept is presented:

*The history of Food Source is a short one... so far! It begins in 1994 with the opening of a store in Folsom, California. We now have six additional warehouse-format stores in Northern California. And more are in the works.*

*Built around a warehouse con-*

## Price Comparison — Sacramento, California

### The General Public

Produce Item	How Sold	Wal-Mart Supercenter	FoodMaxx	% Over Wal-Mart	Food Source	% Over Wal-Mart	WinCo	% Over Wal-Mart
Lettuce — Romaine	Lb	1.38	0.78	-43.48%	0.77	-44.20%	1.29	-6.52%
Limes — Bulk	Lb	0.28	0.12	-57.14%	0.10	-64.29%	0.28	0.00%
Mangos	Lb	1.28	0.68	-46.88%	0.57	-55.47%	0.48	-62.50%
Mushrooms —	Lb	2.84	3.28	15.49%	3.47	22.18%	1.39	-51.06%
Mushrooms Package	8 oz	1.88	1.78	-5.32%	1.77	-5.85%	1.78	-5.32%
Nectarines	Each	1.64	0.68	-58.54%	0.87	-46.95%	1.64	0.00%
Onions — Red	Lb	0.98	0.68	-30.61%	0.67	-31.63%	0.98	0.00%
Onions — Yellow	Lb	0.94	0.48	-48.94%	0.33	-64.89%	0.95	1.06%
Oranges — Valencia Bag	4	3.78	3.28	-13.23%	3.47	-8.20%	3.97	5.03%
Oranges — Navel	Lb	0.46	1.28	178.26%	1.47	219.57%	1.19	158.70%
Papayas	Each	1.77	0.79	-55.37%	0.77	-56.50%	1.18	-33.33%
Peaches — California	Lb	0.88	0.99	12.50%	0.87	-1.14%	0.89	1.14%
Pears — Bartlett	Each	1.04	0.59	-43.27%	0.47	-54.81%	0.97	-6.73%
Pears — Bosc	Each	1.22	1.58	29.51%	1.67	36.89%	0.98	-19.67%
Peppers — Green Bell	Lb	0.48	0.48	0.00%	0.67	39.58%	0.70	45.83%
Peppers — Red	Lb	1.78	1.78	0.00%	0.87	-51.12%	0.98	-44.94%
Pineapple	Each	3.77	3.77	0.00%	3.77	0.00%	3.77	0.00%
Pistachios — Bag	14oz	3.97	3.97	0.00%	4.78	20.40%	4.35	9.57%
Plums	Lb	0.88	0.88	0.00%	0.97	10.23%	0.89	1.14%
Potatoes — Red Bulk	Lb	0.66	0.66	0.00%	0.37	-43.94%	0.67	1.52%
Potatoes — Russet 5# Bag	Bag	2.68	2.68	0.00%	1.47	-45.15%	1.98	-26.12%
Potatoes — Russet Bulk	Lb	0.66	0.66	0.00%	0.47	-28.79%	0.69	4.55%
Potatoes — White Bulk	Lb	0.74	0.74	0.00%	0.37	-50.00%	0.73	-1.35%
Salad — Caesar Bag	10 oz	2.48	2.48	0.00%	2.29	-7.66%	3.18	28.23%
Salad — Spring Bag	10 oz	2.50	2.50	0.00%	2.29	-8.40%	3.18	27.20%
Spinach — Bulk	Lb	2.68	2.68	0.00%	0.77	-71.27%	2.98	11.19%
Squash — Zucchini	Each	1.55	1.55	0.00%	0.67	-56.77%	1.98	27.74%
Tomatoes — Cherry	Pkg	2.68	2.68	0.00%	2.27	-15.30%	1.98	-26.12%
Tomatoes — Grape	Pkg	1.98	1.28	-35.35%	3.17	60.10%	2.98	50.51%
Tomatoes — Plum/Roma	Lb	0.98	0.89	-9.18%	0.97	-1.02%	0.97	-1.02%
Tomatoes — Regular Large	Lb	1.24	0.63	-49.19%	0.67	-45.97%	0.78	-37.10%
Watermelon — Seedless	Lb	3.33	2.98	-10.51%	3.37	1.20%	3.34	0.30%
<b>TOTAL</b>		<b>98.62</b>	<b>87.47</b>	<b>-11.31%</b>	<b>83.17</b>	<b>-15.67%</b>	<b>98.74</b>	<b>0.12%</b>

cept, this discount chain offers the same high-quality products as Raley's other stores but with less overhead. Less overhead, of course, means more savings.

Although Food Source stores look and function differently than Raley's other divisions, their clean, wholesome environment and commitment to quality set them apart from other stores serving this sector. At Food Source, you'll find everyday low prices on exceptional produce, fresh baked goods, quality meats and all your favorite name brand groceries.

3. **WinCo Foods**, based in Boise, ID, proudly proclaims itself "The Supermar-

ket Low Price Leader!" and promotes its large stores this way:

*Sixty-one stores in Washington, Idaho, Nevada, California and Oregon — and more scheduled this year.*

*Stores of 90,000-100,000 sq. ft. with a huge selection of groceries, fresh meat and produce, fresh bakery, gigantic bulk foods and large deli. Open 24 hours for your convenience.*

The company explains its success this way:

*The company has fostered a nearly 40-year tradition of success*



## How They Stack Up Against Wal-Mart Supercenter

Region	Store	% over Wal-Mart	Store	% over Wal-Mart	Store	% over Wal-Mart
Connecticut	Super Stop & Shop	.23%	Shaws	.34%	Big Y	.36%
Salt Lake City	Harmon's	.2%	Smith's	.6%	Albertson's	.12%
South Florida	Super Target	.22%	Publix	.31%	Winn-Dixie	.52%
Dallas, Texas	Albertson's	.23%	Brookshires	.7%	Kroger	.19%
	Neighborhood Market	-1.2%	Tom Thumb	.27%		
Portland, OR	Albertson's	.30%	Fred Meyer	.22%	Haggen	.27%
	Safeway	.37%				
Phoenix, AZ	Albertson's	.22%	Bashas'	.25%	Fry's	.15%
	Safeway	.17%				
Palm Springs, CA	Albertson's	.19%	Jensen's	.60%	Ralphs	.16%
	Vons	.20%				
Detroit, MI	A&P Food Basic	-17%	Farmer Jack	.24%	Kroger	.28%
	Meijer	.3%				
St. Louis, MO	Dierbergs	.22%	Schnucks	.14%		
Houston, TX	HEB	.15%	Kroger	.30%	Fiesta Mart	-0.3%
Atlanta, GA	Harry's	.18%	Ingles	.16%	Kroger	.25%
	Publix	.13%	Target	.3%		
Denver, CO	Albertsons	.16%	King Sooper	.21%	Safeway	.25%
Portland, OR	Albertsons	.32%	Fred Meyer	.21%	QFC	.54%
	Safeway	.30%				
Sacramento, CA	FoodMaxx	-11%	Food Source	-16%	WinCo	.12%

*by focusing on very large stores with a wide selection of national brands at prices below our competition. In addition, the very nature of having employee stockholders that have seen their Employee Stock Ownership Plan (Pension Plan) grow at a 21.2% annual compound growth rate creates an extremely dedicated workforce. This has made WinCo a very successful company.*

Whatever the pitch of these retailers, one fact is clear: In Sacramento, at least, Wal-Mart has forfeited its low-price leader position.

FoodMaxx prices on fresh produce turned out to be 11.31 percent less than Wal-Mart's. Food Source crushed Wal-Mart with its prices coming in at 15.67

percent less than Wal-Mart. And WinCo came in a statistically insignificant .12 percent over Wal-Mart — so its price levels are virtually identical to Wal-Mart.

This is not the first time someone has beaten Wal-Mart's pricing by a significant amount — A&P Food Basics did it back in our Detroit market study (January 2005). But to make that happen, we had to edit our normal market basket to account for the concept's limited product offer.

Here, we are dealing with stores that offer a full range of product, many that are open 24 hours and take credit cards — real competitors in the food business.

The big question is why Wal-Mart has chosen not to respond. There was a time when Wal-Mart fought to maintain a slogan of *Always the Lowest Price* — legal issues compelled the company to move to an

*Always Low Prices* slogan. This study calls into question whether that is still true.

Now, it is obvious that maintaining margin is a more crucial goal than always having the lowest price.

What is behind this is difficult to say. Perhaps the many initiatives in marketing and social responsibility Wal-Mart has

**Perhaps as food sales have grown disproportionately fast compared to general merchandise, Wal-Mart executives feel compelled to generate more profit on the food side.**

launched have raised cost levels and Wal-Mart may feel unable to compete. Perhaps as food sales have grown disproportionately fast compared to general merchandise, Wal-Mart executives feel compelled to generate more profit on the food side.

What is clear is that Wal-Mart is playing with fire. What Wal-Mart has benefitted from is a kind of consumer confidence that it always offers the "right" price.

Yes, consumers have always known a wacky competitor could offer a loss-leader unsustainable price — but the trust is that Wal-Mart shoppers could count on the fact that if they shopped all year at Wal-Mart, their total expenditures would be less than if they shopped elsewhere.

Our study is showing in Sacramento, at least, consumers can regularly buy produce at both FoodMaxx and Food Source and spend less than at Wal-Mart and that WinCo provides a comparable price.

If consumers begin to perceive this, and consumers are typically very good at perceiving price differences, Wal-Mart will lose more than sales — it will lose its positioning with consumers. That is a loss almost impossible to compensate for. **pb**

# Marketing Chilean Fruit

*Importers are hoping quality will prevail over higher prices this season.*

BY MEREDITH AUERBACH

**The Chilean fruit season got off to a less-than-stellar start as shipments of tree fruit and grapes — the bulk of the Chilean fresh fruit volume exported to North America — arrived two or more weeks late.**

Experts say the declining U.S. dollar, a labor shortage and the soaring price of oil have Chilean growers and exporters concerned not only about returns but also about economic survival.

Still, most of the North American importers appear optimistic about the 2008 fresh fruit import season — albeit with some reservations.

Craig Uchizono, vice president, southern hemisphere, for the Giumarra Companies, Los Angeles, CA, attributes the delay in shipping to a major freeze in July. However, he notes, “We’re expecting good quality — in some cases because of the freeze. It provided good dormancy and necessary chilling hours for grapes and stone fruit. Volume of products such as avocados, citrus and melons may be affected. Overall, Giumarra anticipates more total volume to North America this year because the growers we work with are themselves growing.”

“We expect a slight increase in imports compared to last year, despite higher pricing due to increased costs,” predicts Dionysios Christou, vice president of marketing for Del Monte Fresh Produce, Inc., Coral Gables, FL. “Initial pricing could be 10 to 15 percent higher.”

A note of caution comes from Andrew Southwood, vice president, business development, for Fisher-Capespan, Inc., Montreal, QC, Canada. “It’s possible that because of the weak U.S. dollar, more Chilean fruit exports may initially move to Europe. It is a supply-and-demand market and exporters may be able to make more money in other markets during windows in the season.”

In 2007, 45 percent of all Chilean fruit exports

came to North America, according to Tom Tjerandsen, managing director for the Chilean Fresh Fruit Association (CFFA), which has its U.S. base in Sacramento, CA. “Growers and exporters in Chile understand the importance of U.S. markets and the value of the relationships established over years, and they will continue to support U.S. markets.”

The harvest delay means domestic supplies of many fruits — especially storage grapes — are finished, leaving retailers eager to stock and promote fresh imports.

Other than cherries from mid-December to mid-January, major Chilean imports, such as grapes, tree fruit and berries, peak in February and March, bringing highly desirable variety, color, flavor and freshness to produce departments nationwide.

Tjerandsen expects pipelines to fill up in January with good supplies through the quarter.

“The cherries this year are great — small size perhaps but excellent flavor,” says Marvin Lyons, produce director of produce at bigg’s, an 11-store chain headquartered in Milford, OH. “Chilean fruit is a critical part of our first-quarter volume and sales. We devote a little bit less space than we do for summer fruit, but we promote just as heavily.”

## IT’S ALL ABOUT QUALITY

Retailers and importers agree the success of the season will come down to quality more than currency, shipping delays and cost of oil. Demand will drive the sales.

Gerry Smirniotis, East Coast vice president and stone fruit category director for The Oppenheimer Group, Vancouver, Canada, states, “The early crops of cherries and berries have excellent quality. They may start slow, but we expect heavy volume. The grape crop is also looking very good with some shortages of red seedless at the beginning but good volume after that. We hope these crops will get retailers excited to set the tone for the season.”

“I’ve got a good gut feel about this season,” adds Scott Streeper, produce director of Scolari’s Food & Drug Co., an 18-store chain based in Sparks, NV. “If the quality is right, product sells big. People buy first with their eyes, but it’s the taste that sends them back for more.”

Mark Mayrsohn, president and owner of Mayrsohn International Trading Co., Inc., Miami, FL,



agrees, noting although the season got off to a slow start, quality Chilean fruit will sell well as more shipments arrive in the United States. "Everyone wants the fresh fruit. The fruit will continue to sell itself, particularly once the price starts to drop."

Peter Kopke Sr., president of William H. Kopke Jr., Inc., Lake Success, NY, concurs, "Every district is delayed, but the information we have is for good quality and good quality always sells. There is a loss of selling time here, but quality helps solve that."

Ongoing improvements from better harvesting practices and maintenance of the cold

chain has led to improved quality.

## CHANGES IN CHILE CHANGE THE GAME

Importers report structural changes and an evolving supply chain in the Chilean deal that may make this deal less smooth.

John Pandol, vice president, special projects, Pandol Bros., Inc., Delano, CA, notes, "We had a volume drop last year as Wal-Mart, Costco and Loblaws did more direct sourcing. In some cases, these big retailers set up their own offices in Chile and are now beginning to deal with many of the same issues as

## Packaging Has A Different Look

**M**ost importers report more grapes in clamshells as a result of club store demand. Craig Uchizono, vice president, southern hemisphere, for the Giumarra Companies, Los Angeles, CA, explains, stating, "We are moving to more clamshells and gradually to greener packaging. This year, about 10 percent of our packaging will be biodegradable clamshells and bags and 92 percent corrugated."

Gerry Smirniotis, East Coast vice president and stone fruit category director, The Oppenheimer Group, Vancouver, BC, Canada, notes, "Retailers will see more value-added packaging with 2-pound clamshells in the early deal and moving to 4-pound clamshells during peak volume. There is now the ability to pack these either in Chile or after arrival in the United States."

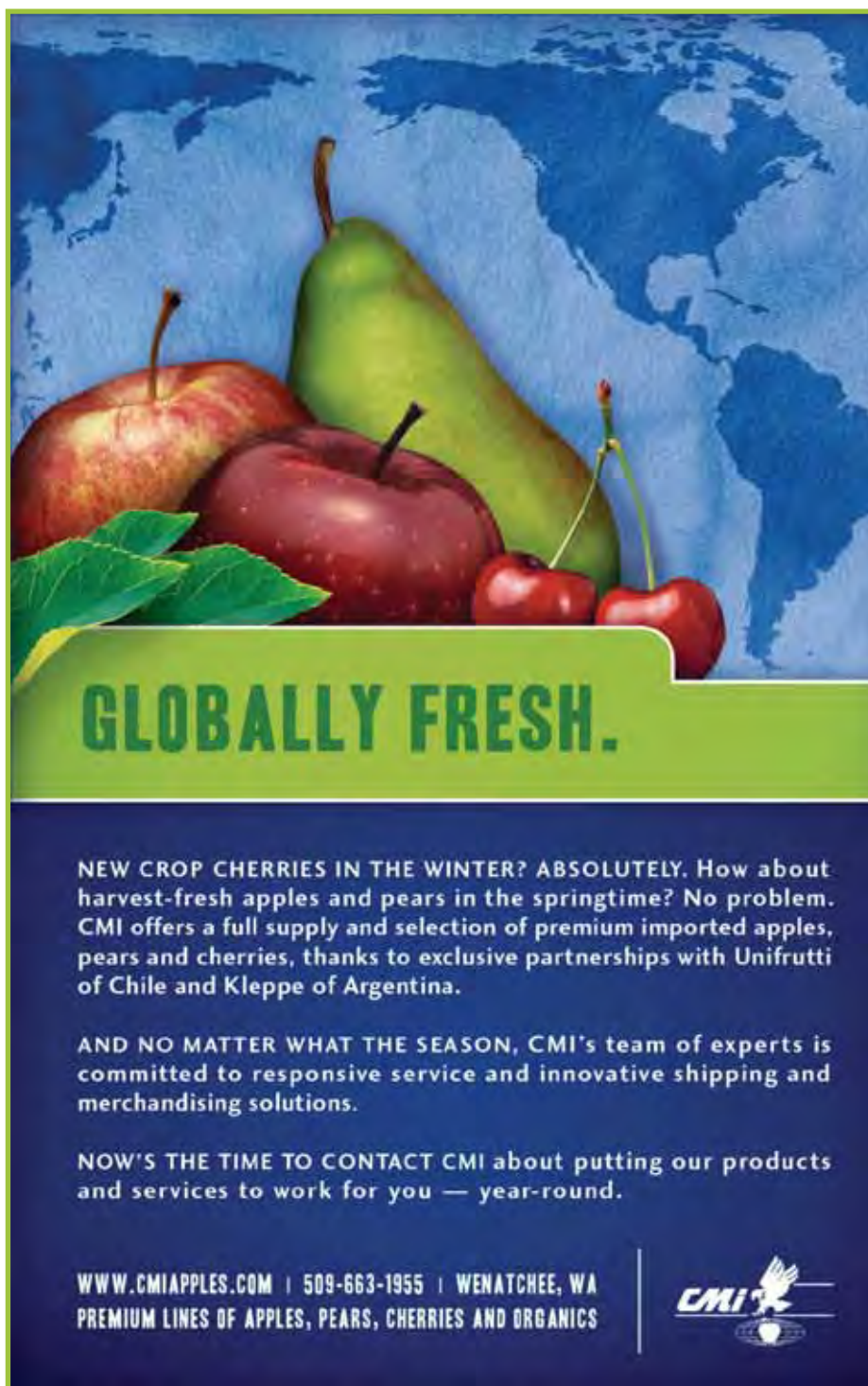
John Pandol, vice president, special projects, Pandol Bros., Inc., Delano, CA, states, "Freight costs are by volume rather than weight so clamshells packed in Chile carry heavier freight costs."

"We'll provide more 2-, 3- and 4-pound clamshells and stone fruit mostly in tray packs," adds Brian Schiro, category sales manager for Jac. Vandenberg, Inc., based in Yonkers, NY. **pb**

importers. The last couple years of grapes from Chile have also been tough with inconsistent quality and low prices. That has pushed us to broaden our product line and expand our import customer base. We're moving into cherries and berries."

"There's big pressure on importers to perform for growers" according to Brian Schiro, category sales manager for Jac. Vandenberg, Inc., Yonkers, NY. "We expect to import less this year — mostly in grapes — due to last year's low prices and the low value of the U.S. dollar. We think more shipments may get diverted to other markets."

A severe labor shortage is also running its course, as agriculture competes with high-priced commodity industries, such as timber and copper. Several importers alluded to a less than agriculture-friendly regulatory climate. These issues, plus a lower U.S. dollar, may force growers and exporters to look to different markets in spite of their traditional U.S. ties. It may all depend on whether U.S. retailers and consumers are able to accept high prices at wholesale and retail.




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There's no doubt costs are up. Everywhere in the world, harvesting, packing, cooling and shipping costs are higher than in years past based on labor, energy and regulatory increases. Bill Goldfield, communications manager for Dole Fresh Fruit Co., Westlake Village, CA, explains, "We anticipate significantly higher prices at the front end of the deal but expect them to drop and be more stable as volume increases."

Early cherry prices were high enough that some retailers, such as Scolari's, are holding off for a while to see what happens.

Bigg's Lyons is closely watching its com-

petition. "If they go up, we will, too."

## WHAT WILL RETAILERS DO?

CFFA will review the results of a category management study the group commissioned in Los Angeles, Dallas, Boston and Charlotte to compare sales results of Chilean fruit with domestic summer fruit and use the results to identify windows of opportunity.

This year's sales will have CFFA-tagged television advertising in 40 spot markets, so that 80 percent of the target audience will see the message and hear the message via in-store radio, Tjerandsen reports.

"At Dole, we give good marks to CFFA for its marketing support," notes Goldfield. "It's targeted and timely."

Display and handling recommendations really haven't changed much over the years. CFFA and importers point to highly visible, destination displays that group fruit items together, consistent use of the 'summer in winter' message and graphics, and regular promotion as the best strategies to capture shopper attention. They advise retailers to closely mirror the strategies used for fruit in June, July and August.

"Our customers view grapes as a year-round fruit," notes Lyons, "so we increasingly handle displays about the same for winter soft fruit. We continue to have concerns about peaches and nectarines although they are better every year. We buy conditioned fruit, and displays are perhaps 30 percent smaller, but we do promote heavily and have good results."

This year, because of the unknown factors, importers stress the value of effective communication between retailers and their suppliers. According to Kopke's Kopke, "Good arrival condition and information is key. It sounds obvious but promote when fruit is not only good quality but also available."

Pandol's Pandol adds, "There's big money to be made on both ends of the deal, if the quality is right. The whole Chilean deal has to be viewed as a season with overlapping periods. Use good communication and supplier-retailer relationships to identify the best times to promote. It's hard to plan too far out. You need flexibility in timing."

An ongoing supply chain is key, advises Mayrsohn's Mayrsohn. "It's vital the supply chain isn't broken. You must have a continuous supply chain of quality product."

"We seek out relationships in Chile and then work back to brokers," notes Scolari's Streeper. "We are close to several terminal markets and are regularly in them to make sure we get what we want. We have to in order to compete with large chains."

Adding incremental items to displays adds excitement, notes Tjerandsen. "New varieties like pluots, plumcots and apriums add interest to displays. Expanded blueberry displays with health information make great sense. Use ads to inform customers and increase awareness and understanding of varieties, as well as offer discounts."

"We know from a recent U.S. Department of Agriculture study that the vast majority of food shoppers say food comes from the grocery store," he continues. "Growers in Chile are world-class producers of products shipped around the world, fully certified and constantly working to improve handling and quality, varieties and packaging."

**pb**



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# Traceability: Realistic Action Steps

*What retailers, suppliers and distributors can do — and need to do — right now to make it work.*

BY MIRA SLOTT

**There are four overriding reasons why it behooves retailers, foodservice operators, suppliers and distributors to implement traceability measures:**

1. The devastating and potentially deadly consequences of not doing so, as epitomized by the spinach *E. coli* 0157:H7 crisis and exorbitant, blanket recalls;
2. The Bioterrorism Act legally mandates it;
3. Already existing global standards can be adopted using current technology and business systems right now;
4. Not totally implementing these measures will sever the traceability information chain.

If the information chain breaks down, the ability to accurately trace product both backward to its original source and forward to its end destinations can be compromised or lost completely.

According to Bryan Silbermann, president of Produce Marketing Association (PMA), Newark, DE, "Traceability is our industry's Achilles heel. Our food system is incomplete." Very few companies wield the necessary building blocks to sufficiently and comprehensively track product. The hold up is not about technology, it's about changing business practices, he adds.

The spinach crisis served as a caustic awakening of the industry's deficiencies in quickly and effectively tracing product backward and forward to know definitively where it came from and

where it went at every step along the supply chain.

A large percentage of retailers and suppliers, when queried in PMA surveys, believe — incorrectly — that they have sufficient traceability systems in place to avert a food-safety crisis, according to Gary Fleming, PMA vice president of industry technology and standards. In reality, he says, some of these systems may work well for category management and other internal purposes but would be futile in providing the needed information to effectively track product through the supply chain during an emergency.

The definition of traceability itself gets confused and co-mingled with all sorts of other issues, notes Fleming. Simply put, traceability is the ability to trace back product to its source and trace forward to where it is in the supply chain.

Since the spinach crisis, the concept of traceability has mutated into three different areas, he adds. The first is foodborne illness prevention, most commonly associated with resources used in response to outbreaks. The second is how product is traced back through the supply chain in the event something slips through the cracks. The third — which people call traceability even though in actuality it's not — is certifying handling practices are safe, insuring farms are audited on a regular basis and managing that data.

Traceability is a tool for food safety, but tracking product is not necessarily done for food safety, says Jane Proctor, director of industry technology and standardization, Canadian Produce Marketing Association (CPMA), Ottawa, ON. The myriad of traceability solutions are fundamentally the same in principle — a means to capture, store and access standard data. Barcodes and RFID technologies enable that end. Traceability locates a product that has a food-safety problem but doesn't address how to fix that problem or the methodology for determining the scope of a product recall, she notes.



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The *Emerging Trends* article in the November issue of *PRODUCE BUSINESS* covered Marketing to Kids, Packaging Innovations and Food Safety. Future issues will cover Corporate Social Responsibility.

## LEAVING OUT TRACEABILITY

Food-safety concerns have enveloped the pro-

duce world, driving buyer/seller coalitions to implement industry-wide solutions. The main focus up to this point has been on bolstering Good Agricultural Practices (GAPs) in the field and processing plants and in guaranteeing everyone abides by them. Industry leaders have plowed money into food-safety science and research institutes to help all companies better understand and tackle the causes of foodborne illnesses.

While these actions are important, some produce executives argue the industry has "dropped the ball" when it comes to the capability to efficiently and rapidly trace and recall product if an outbreak occurs.

"Food safety is not just about audits and testing because if there's a problem, you have to be able to isolate it quickly; otherwise you're putting lives at risk and your brand and products are subject to degradation," says Martin Kupferman, business development director for North America at Buenos Aries, Argentina-based FQcode, an international traceability solutions company specializing in the fresh produce industry. FQcode has a U.S. office in Miami, FL.

FQcode developed a highly sophisticated and integrated supply-chain traceability system used extensively in Argentina, where tracking gets down to the individual item level. Clients that can quickly access data themselves can choose to provide selective access to other parties, including the government, in pursuit of pinpointing the problem.

"Companies can be very shortsighted about traceability," says Leonardo Panicer, FQcode CEO. "Blanket recalls are extremely damaging. The FDA [Food and Drug Administration] cast the broadest net during the spinach crisis because the problem couldn't be resolved. Once the industry can surgically portion out the problem, it will regain control."

## REDIRECT AND SIMPLIFY

For many, the concept of seamless traceability remains complex, high-tech, costly and intangible. It seems hopelessly tied to an industry-wide solution, unattainable due to both the challenges of perishable product in a disjointed global infrastructure and the acknowledgement that all companies have to participate. At each step along the supply chain, companies need to identify, capture and store standardized product data, identifying and re-identifying that data — when mixing lots, combining products, crossing borders, blending and mutating through variable supply sources and customers, such as terminal markets, international brokers and distributors to retail and foodservice.

Traceability as generally practiced in produce for category management, efficiencies, shrink reduction, etc., can work exceptional-

ly well internally and with companies that are vertically integrated or deal in a highly controlled and predictable supply chain. This is one reason why consumer products companies are so traceability-savvy.

Since the industry, by its nature, will never be able to totally eliminate the chance of an outbreak, it must be able to significantly reduce the consequences when one occurs. Bruce Peterson, president and CEO of Naturipe Farms, LLC, Naples, FL, and former senior vice president of perishables at Wal-Mart Stores, Inc., Bentonville, AR, has vehemently advocated redirecting efforts to insure seamless supply-chain traceability.

In 2007, Peterson left Wal-Mart and jump-started a robust traceability initiative with Michael McCartney, principal at QLM Consulting, Sausalito, CA, before assuming the presidency at Naturipe.

This past fall, PMA, CPMA and Washington, D.C.-based United Fresh Produce Association announced a joint Produce Traceability Initiative to drive broad adoption of consistent traceability practices throughout the produce supply chain. More than 30 companies, including retailers, foodservice operators and suppliers, have signed on to the

steering committee. Cathy Green, COO at Food Lion, Salisbury, NC, is committee chair.

The Initiative's sponsoring organizations have invited other stakeholder associations representing key business segments of the North American food industry to participate, including Food Marketing Institute (FMI), Arlington, VA; Canadian Council of Grocery Distributors (CCGD), Montreal, QC; Canadian Horticultural Council (CHC), Ottawa, ON; International Foodservice Distributors Association (IFDA), Falls Church, VA; and the National Restaurant Association (NRA), Washington, D.C.

"The \$64-million question we are all trying to answer is how do we get to full chain implementation," notes CPMA's Proctor. "Global standards exist right now and I'm confident they're robust enough. If we stumble upon a glaring omission, we'll address it but I don't anticipate that. We're not intent on creating new standards. National traceability guidelines are built on the global standard. I know many people, particularly on the supply side of the chain, view traceability requirements as a daunting task — one more thing they have to do.

"People are already capturing a lot of this

## RFID Solution

**D**uring his tenure as senior vice president of perishables at Wal-Mart Stores, Inc., Bentonville, AR, Bruce Peterson, now president and CEO of Naturipe Farms, LLC, Naples, FL was instrumental in driving cutting-edge radio frequency identification [RFID], a powerful traceability enabler. While initial mandates focused on big consumer products and dry goods suppliers, a handful of Wal-Mart produce vendors, including Tanimura & Antle, Inc., Salinas, CA; Fresh Express, Salinas, CA; Newstar Fresh Foods, LLC, Salinas, CA; C.H. Robinson Worldwide, Inc., Minneapolis, MN; and Lo Bue Bros., Inc., Lindsay, CA, jumped onboard at the same time several years ago with pilot-program testing. More retailers and suppliers have taken the plunge into RFID, but the technology has yet to take hold in the produce industry in any meaningful way.

RFID implementation costs inhibit many produce companies that lack either deep pockets or the penchant to make large capital outlays without a strong return on investment. Everyone in the supply chain would need to commit to installing readers to capture the information. At the same time, problems unique to

produce, such as product humidity that jumbles the accuracy of RFID readers, still need to be overcome.

In time, however, technological advances and new food-safety and security mandates could propel RFID use for traceability and economies of scale to promulgate adoption.

"I'm a strong advocate of RFID, but I'm also a realist," notes Gary Fleming, vice president of industry technology and standards, Produce Marketing Association (PMA), Newark, DE, who contends barcodes are a more effective and desirable short-term strategy. Every retailer uses barcodes in one way or another, providing a relatively pain-free transition to implementation. "It's not rocket science. This isn't as difficult conceptually as some might think. Dollar amounts and time periods for implementation are different for every company, depending on its level of sophistication in systems, logistics and automation," he adds. "The common thread is incorporation of standards. It won't solve every problem, but it's a huge leap forward to incorporate standards now, doing the plumbing so we are prepared to implement viable technologies as they come down the pipeline."

**pb**

information for other processes and needs. Certainly the global trade identification number [GTIN] is a global standard and absolutely critical. We have a lot of proprietary shipping numbers that don't mean anything to anyone else. That's probably the biggest gap in the industry," she adds.

If a company has standardized barcodes on cases and pallets, it's a matter of transitioning a natural business practice, organizing and making sure data is easily pulled and figuring out a cost effective way to apply the information, re-palletize, re-scan, etc.

"Resource implications to implement traceability will vary greatly depending on what information you're already collecting and what processes you have in place. I don't want to make a statement that oversimplifies it," Proctor emphasizes. "If you don't have capacity in the warehouse to reapply barcodes, track and store information, you'll need to do more."

### IMMEDIATE ACTION STEPS

In order to trace product seamlessly through the supply chain, the product needs to be assigned a unique identification number, in the same way each American is assigned a Social Security number.

"We all ought to talk in GTIN," says Kupferman. "GTIN is a convention that is used extremely broadly in packaged goods for category management. Traceability is established in many other industries, such as meat, airplane manufacturing and pharmaceuticals. Unit boxes in packaging lend themselves to these codes, but the produce industry hasn't adapted to GTIN. It's important to work with companies that understand the industry and can train people with that mindset, rather than attempting to transpose other technologies and cultures here. No effective traceability solution can be had until we have unique codes on separate produce items. It behooves one to go to the smallest levels realistically possible — cases or clamshells. It will be awhile until we can tell where that individual banana came from, but it is a goal."

At minimum, says Fleming, three critical pieces of information must be included on a product: a standardized 14-digit GTIN number, which, for example, would be the same for different case configurations so everyone is speaking and understanding the same language, a lot number, either embedded in the GTIN or assigned separately and a harvest/pack date. From that point on, every company handling the product through the supply chain needs to read the ID, capture the information and store it so it can be easily and quickly retrieved in an emergency.

A product needs to be uniquely account-

ed for in the chain but also re-identified as it takes on new forms — if it is co-mingled with other product; among multiple lots, fields and farms; in a bagged salad blend at a processor; as it joins other cases on a pallet; is trucked to a distributor; or fanned out to different retail warehouses, foodservice operators, etc., again and again — with companies capturing and storing that information every step along the way.

"The cold, hard reality here is that unless those three pieces of information at the case level are included, the traceability chain will be compromised," says Fleming.

The key is to have a traceability system that monitors every single act of modification and assigns it a unique ID along the supply chain, says Kupferman, noting that FQcode traces down to the individual person who packs a case of produce.

If a packer has a problem, it's useful to be able to isolate cartons that may be susceptible because she packed them. If a truck has a refrigeration problem, produce from different lots needs to be identified. Many systems cannot capture all the data necessary to recap the product's life cycle in the event of a food-safety issue. For example, some solu-



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tions will identify the lot number or get down to the cases, but tracing each case as it is re-palletized is very unusual, he contends.

Fragmentation is the reason the industry needs a traceability system — problems can crop up anywhere along the line amid multiple suppliers and distributors. It requires will, budget and determination, which up until now have been lacking. That isn't to say any individual company can't benefit by having its own traceability solution, but it's not addressing true traceability unless the solution is implemented throughout the supply chain, claims FQcode's Kupferman.

"If you're a retailer," says PMA's Fleming, "you need to be able to read and store these three pieces of data in your system and readily access them. You won't have that case sitting around when you take product out of it." Unfortunately, he adds, very few retailers are doing this. "In surveys we've conducted, only 41 percent of retailers scan barcodes at the case level, and even then, these retailers aren't storing the data the supplier provides."

"GTIN is huge in terms of product traceability," says Michael Agostini, merchandise manager, produce/floral, Wal-Mart Stores. "Last summer there was a warning on a particular cantaloupe from Mexico. We didn't buy from that supplier, but we have sec-

ondary suppliers, and like other retailers, couldn't be sure if we might have bought some of that product. We could have systematically found it with GTIN."

## CASE CONSCIOUS

Traceability can work through the supply chain down to the case level if everyone in the supply chain does a few fundamental steps. "It would be nice if every head of lettuce had this unique ID information, but while the technology is there, this is not a cost-effective solution, easily implemented industry-wide right now," says Fleming.

Item barcode technology, such as GS1 DataBar (formerly called RSS or reduced space symbology barcodes), exists but has obstacles when using it for traceability. Size of the sticker is a challenge — the GTIN already has 14 numbers. "If that sticker gets bigger, it means a complete change over of label stock, and new machines to hold the bigger stickers. Also the sheer logistics of putting lot/harvest/pack date numbers on the stickers will slow production down significantly," he claims.

Operational issues on bulk items for traceability still need to be addressed. It's always a challenge to identify item to case. It would slow production down tremendous-

ly and the cost would be exorbitant to get that information on an apple, says Fleming.

A fundamental problem is retailers commingle apples from different suppliers in one bin. Merchandising by variety helps, but it's still a bit of a guessing game unless retailers are willing to separate inventory by grower and shipper. The vendor community has taken the focus off the real problem by discussing the complexities of managing data, when the issue is having the basic fundamentals on the product.

In the last few years, scanners for GS1 have been developed. Still, some retailers don't realize it will not scan on their equipment unless they convert the system, says Tim Gagnon, director, business development, C.H. Robinson Worldwide, Eden Prairie, MN. The DataBar can provide a more accurate and faster consumer check-out, giving the retailer greater confidence in the information for category management, shrink reduction, improved cashier productivity and enhanced traceback capability. The vendor can scorecard products with a company prefix and enable improved category management methods. In the transition, the current PLU can be put on the label as a fallback, he adds.

Retailers are investigating, and some are

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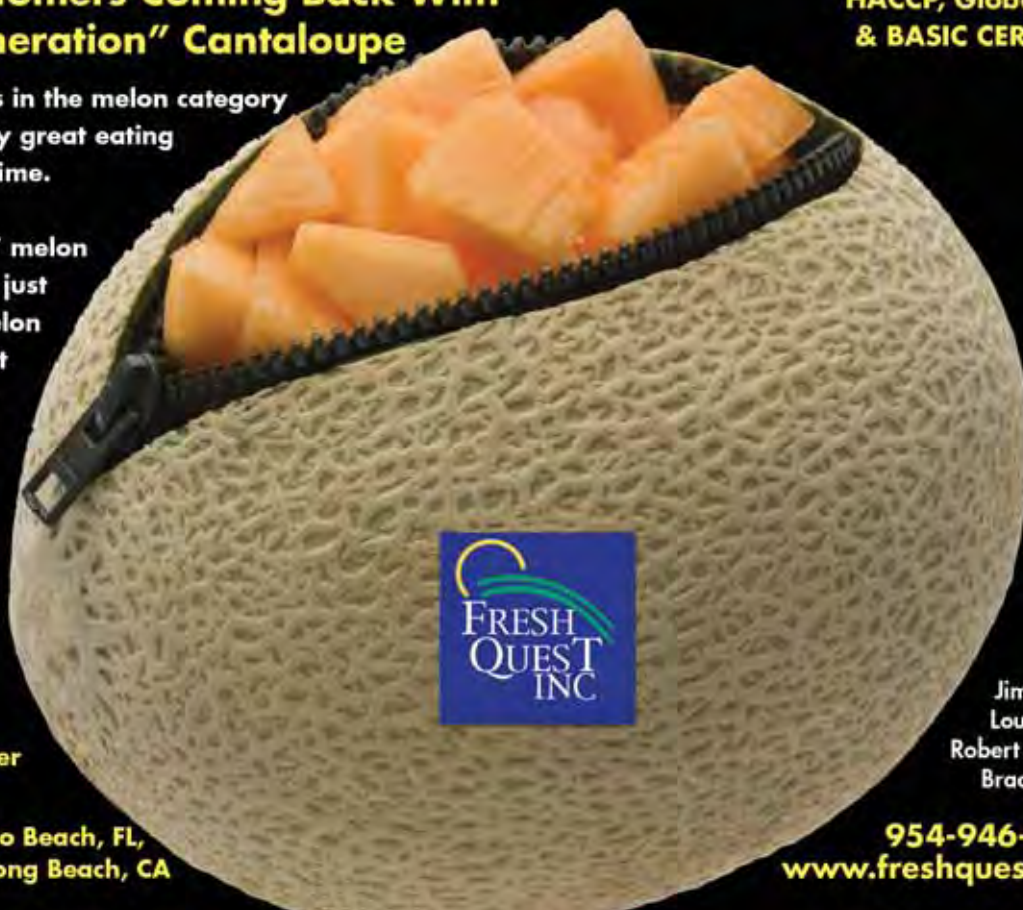
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Stephen Arens, senior director, GS1 US Bar Codes and eCom Group, Lawrenceville, NJ. "Our concern is people think DataBar is the answer for traceability. When it runs through the system, it's being used as a tool

for category management and controlling shrink, to better identify which supplier is a better performer, to get quicker information and reduce key-in errors. People aren't implementing versions of DataBar with the information for traceability right now." Is this acceptable to the retailer? Can the retailer handle the changes to its POS system and back-end system?

Certain customers are not comfortable with GS1 DataBar, says Kelly Kirschner, senior marketing manager, Sinclair Systems International, Fresno, CA. Still, numerous suppliers and retailers are experimenting with the technology. Wal-Mart, Kroger and Loblaws are among them. Tesco is adapting its own DataBar systems, she says.

"For packers and suppliers, having to incorporate both traditional methods and GS1 is not as efficient. If the industry adapts GS1 faster, it would help everyone," she adds.

It's a mistake to look at this as a Wal-Mart or Loblaws initiative. For it to work it needs traction, explains Wal-Mart's Agostini. Wal-Mart has been piloting the technology on Washington apples for over a year. "We operate in a multi-source environment," he notes. "We may have five or six suppliers for Washington apples. As we roll out individual GTINs, we have to group together to analyze item/ category performance." Wal-Mart chose to start with Washington apples, a business segmented by suppliers and warehouses, with the luxury of a brand base to compare. "We don't have the systems in place to handle multi-source supply. It's a challenge. We are not at all dictating that suppliers have to go to DataBar, but we are cognizant to move with people that can do it.

Wal-Mart just began rolling out DataBar stickers on bananas in limited distribution centers and plans to expand to more items over the next three years, prioritizing item rollouts based on the benefits and complexity of execution, Agostini explains.

DataBar technology provides a viable application for embedding information such as sell-by-dates and lot numbers, he adds. "It's here and works and creates a bridge until other technology takes us to another place."

However, adds Agostini, "Items, such as bulk green beans, can't hold the sticker. For some things, we don't have the answer. If you could package those items, DataBar would work, but for some items, that isn't what you want for a fresh image."

There are some impediments with applying stickers on fruit, such as the curvature, texture and surface tensions affected by cold and wet packing. These are issues you don't have with a box of cereal, says Sinclair's Kirschner, noting that in most cases the problems can be overcome.

## Are Consumers Interested in Traceability?

By Mira Slott

**R**edwood City, CA-based, Yotta Mark, a developer of high-tech security systems for branded goods, is trying to translate its skills to a product information tracking solution for the produce industry, according to Scott Carr, president and CEO.

The system, designed to customize tracking information from field through retail, educates consumers on the retail floor. Shoppers can scan a coded label at the company's HarvestMark kiosk — similar to a self-service price-check kiosk — and instantly access traceability and product information.

"The retailer can lease or buy the kiosks to promote traceability and provide instant information to their customers and enhance their brand and positioning. Alternatively, the shipper can provide the kiosks as part of its merchandising strategy to promote traceability and marketing information," explains Elliott Grant, chief marketing officer.

"The grower or packer applies the coded label. We have different modes for different needs. For field-packed produce such as strawberries, the labels are pre-coded by the label printer and applied to the clamshells before they get to the field. The grower then attributes harvest data to these clamshells in the field without scanning every one and with minimal or no hardware in the field. We have a similar solution for line-packed produce, such as blueberries, but here the packer has the option to print codes on demand if that makes more sense. We even have a PLU label solution — where we pre-code PLU labels, which are then applied in-line in the usual way and the HarvestMark system attributes the relevant lot data to those codes, providing traceability all the way down to the loose item," Grant adds.

"Consumers are yearning for information," says Carr. Yotta Mark recently commissioned a national survey of 2,700 U.S. households to understand consumers' interest in traceability. The results showed an overwhelming number of consumers are concerned about food safety and traceable product and want access to more product information. In the same way consumers

would track a FedEx package, they could find out where the product came from and track its date of harvest and freshness, he says, forging a connection with the consumer and building trust in the brand.

Some industry executives question whether retailers are going to be interested in sharing detailed traceability information with consumers and, more importantly, how knowing this information will actually help consumers trace back product in the event of a recall or food safety crisis. Further, while interest in food safety may be high, in reality not all consumers would be willing to stop their shopping experience to scan product information or devote time on the Internet to watch a video of the farmer that grew the vegetables for family dinner.

"We are aware of traceability issues and standards and the need to be compatible," says Elliott Grant, chief marketing officer. "Perceptions in the industry are that implementing traceability measures are hard and complex," he says, adding smaller, less technically savvy growers don't want to invest a lot into traceability systems.

The Yotta Mark data center does all the work behind the scenes, so no IT is required from participating companies, eliminating the requirement to deploy scanners and software, cutting out potentially significant implementation costs, says Carr. The HarvestMark solution — the kiosk and coded merchandise — is an on-demand hosted system requiring no technology integration or database to maintain, he explains, making it viable for even small growers. Traceability information can be retrieved in real-time by live Internet connection.

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We're just scratching the surface with DataBar technology for traceability at the item level, according to David Bright, market research director, Dole Fresh Fruit Co., Westlake Village, CA. "Now, once product is taken out of the box, we lose that traceability."

## REPACKERS

PMA's Fleming presents this possible situation: "If I'm a packer and get three different products from three different suppliers, each supplier is responsible for putting on the GTIN, lot and date and then storing that information.

"If those products are commingled to create a new item, the packer has to assign a new GTIN number to that item, track it and record it with all the corresponding lots and harvest dates. Now there's a new GTIN, new lot number and new pack date on that case. That's what is tracked," he continues. "Right now, not everyone is doing a good job with track and trace. If the grower/shipper is not providing that information, no matter how good you are as a distributor/packer, the chain is broken. All it takes is one person in the supply chain not storing the information and the chain is broken."

Capturing and storing information doesn't require everyone to use the same software. Each company should be able to organize and access information for all its entities so if it gets a call about an outbreak, it can pull up the information in seconds. This has to be available in 24 hours.

In the spinach crisis, retrieving information took 2½ weeks. The companies didn't know where the product came from and had a cumbersome job sorting through stacks of information and gathering all this data. They didn't even know where all the information was kept.

In a new world, everyone will have a database with key pieces of information they can retrieve in seconds. If you didn't have a lot number, that whole GTIN would be implicated. "If you didn't have a harvest/pack date, a huge amount of product would be implicated. At the packer level, you can narrow down to the pack date, if not the specific day and crew member," Fleming concludes.

## SOFTWARE GALORE

From a software standpoint, many companies can help organize data. "Most of the software packages are trying to solve entire world problems. You don't need that as long as you can manage recalls," says Fleming. Some want to store so much data that it is too much of a burden on the retailer or supplier, he says. "Having a place holder for that additional information is great, but software is there to organize data and provide quick and

easy access — so beware of creating too complicated a system."

Much of the software offers similar capabilities. "It can be deceiving for a company to say, 'We have a traceability solution.' It's a part of a solution. Being able to quickly access and analyze data is very important, but it is only one piece of the puzzle. Other supply-chain members must also participate. If they don't use that software, that company can't claim a traceability solution," he adds.

"If you also want to identify the problem, extra information can be put in, ranging from what type of water was used to treat the product to the fertilizer used. It's one thing to trace back to the source and pull product off the shelf. The first thing is to get tainted product out of the system," he continues. "Once you are comfortable no consumer will be harmed, the next step is determining what went wrong, looking at all the issues with water treatment, field proximity to cattle, etc."

Getting information on the case doesn't require anything new that growers/shippers don't already have. They put a number on the case today. It just means exchanging that number for a GTIN; no new technology is needed. The hardware required down the supply chain is also available, he contends. It's just a matter of changing behavior to store that information. Those retailers and distributors that don't have barcode readers would have to get them.

Manual entry produces errors and takes a lot of time and expensive labor. Right now, barcodes and RFID are the most efficient ways to trace product. "The supply chain doesn't have to view this as complicated. You don't necessarily need uniqueness down to the item level. If you can afford to ID down to one square foot in the field, that's great, but let's deal with the minimum of what we need to trace back," advises Fleming.

"People have a false perception that traceability in the produce industry is a monumental undertaking. The reality is we can track product back using exact science from the case to the actual lot providing everyone uses these three pieces of information and is compliant with the one step up, one step down requirements set forth in the Bioterrorism Act," he emphasizes.

"It's not that complicated. The traceability vendor community is making it more complicated. They create all these high-tech options and a myriad of bells and whistles. Some are peripheral and that's fine," Fleming concludes. "You could incorporate those if you want, and it's great if you can afford to. They might have additional information to isolate into the mix, but at what cost and what benefit?"

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# Produce Safety South Of The Border

By Duane Craig

**T**he Mexican produce industry maintains a level of sophistication that bolsters quality, safety and confidence.

American consumers have increased their appetites for fruits and vegetables and now desire tropical produce and produce that not only complements but also competes with U.S. seasonal production. According to the U.S. Department of Agriculture (USDA) Economic Research Service (ERS), U.S. imports doubled between 1996 and 2006. Because of low to zero tariffs on Mexican imports as well as Mexico's proximity to the United States, Mexico's contribution to the produce bins in U.S. stores has also climbed dramatically.

According to the Produce Marketing Association (PMA), Newark, DE, Mexico accounted for 65 percent of fresh vegetable imports and 18 percent of fresh fruit imports to the United States in 2006. The USDA Foreign Agricultural Service (FAS) shows Mexican imports of fresh fruits and vegetables at a little more than 1.73 billion tons for September 2007. In that same month, there were 15 Food and Drug Administration (FDA) refusal actions for Mexican vegetables or fruits. Most were for various types of peppers and the reasons for the refusals were overwhelmingly related to pesticides. In its Violation Charge Codes, FDA describes a pesticide reason for refusal as: "The article appears to be a raw agricultural commodity that bears or contains a pesticide chemical which is unsafe within the meaning of Section 408 (a)."

In October 2007, FDA reported 26 refusal actions for Mexican fresh produce. Most were in the pepper and cucumber categories but included fresh papayas, cucumbers, sweet peppers and serrano peppers because of pesticides, fruit blends for labeling issues, Chinese long beans because of filth and jalapeño peppers because of unsafe additives and pesticides.

Of these recorded refusal actions for fresh product from Mexico during September and October, 23 were from one company alone with the remaining spread across 20 companies.

Because of the sheer volume of produce exports to the United States, Mexico's refusal rate is actually very low compared to other countries experiencing refusals in September. The Dominican Republic had 10 refusals with 32.7 million tons of exports to the United States as compared to Mexico's 15 refusals on almost 1.73 billion tons.

"U.S. importers should remember that imported produce is inspected up to nine times higher than the rate of inspections of locally grown [domestic] produce," says Veronica Kraushaar, president, Viva Marketing Strategies, Nogales, AZ. "Right there you have a key leg up. Then there are organizations like México Calidad Suprema [MCS] that run a very extensive program to analyze and certify their member growers' exports."

MCS is the Mexican government's program for branding Mexico's food products through the use of certifications and inspections leading up to the placement of a mark on the products. The mark is registered with the Mexican Institute of Industrial Property and symbolizes the products comply with Mexican rules and Mexican and international standards in the areas of agricultural practices, reliability and traceability. Products certified under this program acquired equivalence with GlobalGAP (previously called EurepGAP) in November 2006.

The Mexican government publishes specifications for each commodity that will bear the mark. Quality aspects include color, size and defects; food safety aspects include Good Agricultural Practices (GAPs) and microbiological limits. Producers then have their processes, systems and products certified by accredited certification agencies. These certifiers, their testing laboratories and testing equipment have to be accredited by the Mexican Accreditation Institute. Once certified, producers sign a sub-

licensing contract and begin using the mark on their products.

"Safety is a given in today's marketplace because receivers are requiring it," says Kraushaar. "The key is the quality aspect of the produce, which, in the end, should yield a better profit for the retailer. MCS involves the use of a seal certified members can use on their pallets and packaging to tell retailers and consumers they are a superior product."

Efforts by Arlington, VA-based Food Marketing Institute (FMI) on its Safe Quality Food Institute initiative, an auditing and certification program, are underway. Bill Greer, FMI spokesperson, says companies are undergoing training by local associations and the Mexican government, with many growers enthusiastic about the program.

"It's internationally recognized with the Global Food Safety Initiative and conforms to ANSI and ISO protocols. I think more than 9,000 certificates have been issued to suppliers in more than 20 nations around the world," says Greer. "It's a comprehensive auditing and certification program. Once a grower or manufacturer becomes SQF certified, that will satisfy the requirements of an increasing number of retailers. For growers and manufacturers, it should reduce the number of audits they have to take, which should be a cost savings for them."

Importers have a high regard for the quality and safety of fresh fruit and vegetables from Mexico. "Mexican produce in general is very good quality," says Frank Calixtro, sales, Calixtro Distributing Company in Nogales, AZ. "When you compare it to others, it is superior. Concerns about food quality are not an issue. We are on top of our game and that's our job — to supply retailers and wholesalers with the best produce in the world. We are very competitive." He cites sophisticated Mexican growing operations that follow state-of-the-art processes as one reason to have confidence in Mexican produce.

"Mexican fresh produce is in the hands of family farmers — very much the same as it is around the world," adds Nick Rendon, Nogales division manager for Giumarra Companies Inc., based in Rio Rico, AZ. "Those who export to the U.S. market gear their ranches accordingly with respect to packaging, quality and food safety. We work with growers in the United States, Chile, Mexico and other countries who have owned their farms for generations. We regularly visit one another to compare notes and learn from one another's experience. Many customers also visit our ranches so they may see our growing practices."

"There are always concerns raised about safety and quality. What retailers and any other buyer have to know is whether the product is going to be as safe as it is from any place," says John McClung, president of Texas Produce Association (TPA) in Mission, TX. "A lot of the Mexican growers and shippers have gotten very sophisticated. If you go down into the production areas, you'll be looking at sheds and operations that would be the envy of this country. They're very well run, they have state-of-the-art equipment and the people are well trained. If you look at the violations coming across for pesticide residues or phytosanitary considerations, there are very few and certainly no more than there are in the United States with domestic product. The issues of safety really are no greater on imported produce than they are on domestic produce. That doesn't mean you don't keep a close eye on both — you do, of course."

As someone very familiar with Mexico's produce offerings, Kraushaar advises diligence throughout the chain. "We would recommend, of course, that receivers source produce from MCS members and that they are also responsible on the receiving end so that warehouses and stores properly unload, stack, refrigerate and handle this produce. A lot can happen at the receiving end that can affect food safety," she cautions. **pb**

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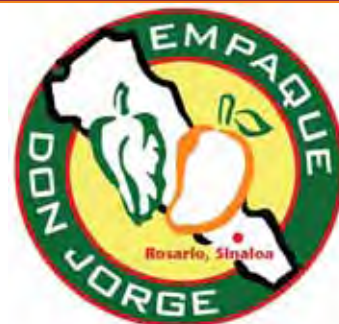
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Reader Service #50

# Clamshells: Not As Simple As They Look

*Consumers are paying attention to how the produce they bring home is packaged.*

BY SUZY LOONAM

**Although simple in design — a clear, thermoformed plastic container most often connected by a hinge — there's more to clamshell packages than meets the eye.**

Exactly how much more is anyone's guess. John R. Burke, president of the Foodservice and Packaging Institute (FPI), Inc., Falls Church, VA, notes there are no statistics specific to clamshell packaging. When asked how many clamshells are being used by produce departments, Burke gives his "Carl Sagan" answer — "billions and billions." He believes no one knows the exact number of clamshells used in produce "because the market is too spread out."

The varying compositions and broad arrays of applications, including those used for food and non-food items, complicate clamshell-use studies.

Demand for high-visibility packaging, which includes clamshells, is expected to increase steadily at 5.1 percent per year and reach \$8.5 billion by 2010. That's an estimated 32 billion units requiring 900 million pounds of plastic resins, according to a study by Fredonia Group, Inc., Cleveland, OH. The study, *High Visibility Packaging — Market Research, Market Share, Market Size, Sales, Demand Forecast, Market Leaders, Company Profiles, Industry Trends*, was published in November 2006.

Largely driven by health and conve-

nience trends in consumer buying, about half of the demand for all plastic packaging is in the food packaging category, including produce, baked goods and prepared foods, such as whole meal packages, according to the study.

Mike Levy, director for the Rigid Plastic Packaging Group at the American Chemistry Council (ACC), Arlington, VA, notes his organization does not track clamshells of all kinds, but he shares foodservice statistics for polystyrene clear solid (OPS) used to make many clamshells.

Clamshells made from OPS are divided into two usage categories: foodservice and packaging/one-time use. Polystyrene (solid and foam) represents 7.5 percent of all plastics made, according to the *High Visibility Packaging* study. Of the approximately 6 billion pounds of polystyrene resins sold or used actively by produce suppliers, 52.7 percent is used for packaging and one-time use; 72.7 percent of that packaging is used for foodservice.

"Clamshells [foam and solid] are just one of many foodservice polystyrene items that make up this 72.2 percent of packaging and one-time use category — the total of which is about 2.25 billion pounds of polystyrene," Levy calculates. But that's foodservice, and while there is some crossover, ACC stats do not include retail produce sales.

Regardless of the numbers, clamshells have been a boon to produce marketing. They can be packed manually or by machine. They display produce nicely and add stability for delicate items, such as strawberries, blueberries and herbs. They don't leak or crush like bags, paper cartons and plastic baskets, so there is less decay in the container, enhancing food safety and extending shelf life.

"Plus, they're cheaper in the long-run," states Kurt Zuhlke Jr., president and CEO of Kurt Zuhlke and Associates, Inc., Bangor, PA, who adds that recyclable clamshells are 20 to 25 percent cheaper than other popular packaging devices. "They're good for the environment. They're just the right way to go."

According to Ed Ezbicki, national sales manager of agriculture products for Pactiv, Lake Forest, IL,



"The clamshell offers better visibility to the product, enhances the product and gives opportunity for better shelf life and quality. Retailers also have a wider range of merchandising opportunities afforded to them, including cross-promotional programs. The consumer gets better quality produce along with the convenience of a package that allows for easier storage."

Clamshells may also foster consumer confidence in food safety, as many clamshells are now available with tamper-evident lids. Plus, better-closing clamshells prevent dangerous and unsightly spills in the produce department.

## SUSTAINABILITY CHALLENGES

For all the good they do in produce marketing, there is still a clamshell conundrum, one that pits cost against sustainability, food safety and consumer preference.

Sustainability — the cradle-to-cradle energy cycle of a product — is a colossal consideration, especially for Wal-Mart Stores, Inc., Bentonville, AR, and its buyers, sales associates, customers, vendors and communities.

In 2005, Wal-Mart took the lead in the sustainability movement when CEO Lee Scott introduced a 3-pronged sustainability plan to be supplied 100 percent by renewable energy to create zero waste and to sell products that sustain resources and the environment.

Wal-Mart has committed \$500 million annually for sustainability projects and measurable reductions in waste, according to an online report, *2007-08 Sustainability Report*.

Two thousand vendors are already using Wal-Mart's sustainability scorecard, which evolved from the company's list of favorable attributes known as the 7 Rs of Packaging: *Remove, Reduce, Reuse, Recycle, Renew, Revenue and Read*. According to the report, the new scoring system is to be introduced in 2008 and will require suppliers to respond to a manufacturing, farm and/or supply chain questionnaire. This will generate a relative score for key sustainability measures, such as water use, energy use and waste. Wal-Mart buyers will use the scorecard in their purchasing decisions.

Wal-Mart, Whole Foods Market, Austin, TX, and its recent acquisition, Wild Oats Markets, Inc., Boulder, CO, have embraced the use of the highly sustainable polylactic acid (PLA), a biodegradable plastic most often made from corn. The largest producer of PLA resins is NatureWorks LLC, a Minnetonka, MN-based company owned by Cargill Dow, the largest corn merchant in the world, which is also based in Minnetonka, MN.

Matt Crosin, vice president of member services at the Packaging Machinery Manu-

facturers Institute, Arlington, VA, recommends companies review their packaging. "That means how you make it and what you make out of it. If there are opportunities to eliminate waste, do it. Any manufacturer worth its salt will look closely at manufacturing processes."

## FOOD SAFETY INNOVATIONS

The future for clamshells is endless, particularly in terms of food safety, states Pactiv's Ezbecki. "Growers receive the satisfaction that their product gets from the field

to the consumer with the best quality and protection possible, and the consumer can view the product better and know that when the product is transferred from the store to their house, it will be protected."

Inline Plastics Corp., Shelton, CT, offers a unique line of tamper-resistant, tamper-evident and leak-resistant clamshells with built-in tear strips, which eliminate the need for shrink bands. "They're convenient because your lid is attached," notes Herb Knutson, director of marketing. Retailers don't have to worry about running out of lids because they're always right there."

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Beyond convenience, Inline's Safe-T-Fresh clear clamshell containers allow consumers to see the product better and ensure no one has tampered with it.

Sambrailo Packaging, Watsonville, CA, has made changes in its clamshell packaging to reduce tampering and spillage, according to Jim Scattini, director of marketing. "We've had to adjust lids and closure apparatuses, and make our labels, so they double as tamper-evident locks."

In terms of produce, "Safety trumps sustainability," Crosin states. With lives at stake, he believes, "food safety is a bigger

issue, and packaging plays a significant role in protecting the food supply."

Crosin forecasts greater government involvement in food-chain protection, and possibly a merging of the U.S. Food and Drug Administration (FDA) and the U.S. Department of Agriculture (USDA). Future packaging might contain freshness indicators. "Companies are developing bio-indicators to be used in packages to reveal viruses in meat. I could see that being applied fairly easily in produce," predicts Crosin. "Some pathogens are always in fresh food, but the bio-indicator will turn red when those get to an unhealthy point."

Zuhlke's Zuhlke says food safety is a major priority for consumers, and the clamshell is the perfect solution. "Whether you're talking bakery items or products in the deli or produce departments, clamshell innovations ensure food is secure and no one has tampered with it."

Dave Sexton, vice-president of marketing for Maxco Packaging, Parlier, CA, and a self-proclaimed "box guy," agrees clamshells are

**"For food safety, clamshells are No.1. They have gained in popularity, and that will continue in certain markets."**

**— Dave Sexton  
Maxco Packaging**

important to safeguarding consumers. "For food safety, clamshells are No.1. They have gained in popularity, and that will continue."

#### CONSUMERS' CHOICE

In the years ahead, sophisticated, health-conscious shoppers are expected to continue to seek highly visible clamshell packaging for some of their produce purchases, while retailers will increasingly influence the materials from which clamshells are made.

When there is a choice, consumers may follow the green road, selecting a more expensive bio-plastic clamshell based on the package's renewable chemical composition and biodegradability. Unfortunately, they may be frustrated later by a lack of appropriate recycling facilities and an inability to home-compost "biodegradable" clamshells.

Other consumers may prefer the less expensive petroleum-based clamshell item, while hard-core greenies may avoid clamshells and plastics completely. To satisfy them all, retailers will need to offer a thoughtful balance of products, packaging and combinations of each.

Considering the issues hinged to the use of clamshells, it seems clear that the simple clamshell is a complicated, unfolding lesson in produce marketing.

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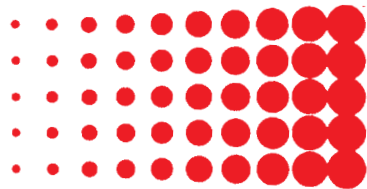
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# Four Ways To Sell More Citrus

*Variety is the message of citrus suppliers and this year's volumes appear willing to support it.*

BY DUANE CRAIG

**T**his year's citrus crops were slow to start but are on track to deliver significant volumes. In October, the U.S. Department of Agriculture (USDA) predicted both a general 30 percent increase over last year for volumes through this March and an 8 percent increase in grapefruit production.

"It's been a slow start due to maturities of the fruit not being readily available compared to last season," explains Al Finch, vice president of sales and marketing for Diversified Citrus Marketing, Inc., Lake Hamilton, FL. "We look to catch up in volume starting in January. Grapefruit sizing has been smaller than last year due to the maturities that we've seen, but we anticipate a lot of the grapefruit should size up once we get into February. There are still good promotable volumes for 5-pound bags of red grapefruit, and the season should extend into May based on the volume levels we have."

Finch says honey tangerines will start in January and go through early April; the company will offer excellent promotional opportunities on 3-pound bags of its largest variety of tangerines. Diversified is the marketing agency for Dundee Citrus Growers, a cooperative in Dundee, FL. According to Finch, Diversified, which is one of the largest sales organizations for fresh Florida citrus, also exports to Europe and Japan.

David Grubbs, president of LGS Specialty Sales, Inc., a Bronx, NY-based importer of Spanish Clementines, reports a boost in the quality and condition of this year's citrus crop, due in part from a slight dip in volume coming from Europe. "A smaller inventory helps with the quality because you don't have a whole lot of surplus lying around. This year, the quality has been very good in what I've seen come in and go out." Grubbs adds the decrease in European volume is probably a result of poor weather conditions in Spain, along with changes in the exchange rate overseas.



Photo courtesy of Seald Sweet International

**Offering consumers a choice of bagged or bulk citrus — with innovative packaging and displays — is one way to increase overall category sales.**

According to Robert Schueller, director of public relations for Melissa's/World Variety Produce, Inc., Los Angeles, CA, farmers are reporting their orchards have "rebounded magnificently from the devastating freeze of 2006 with a wonderful citrus crop filled with unique sizes, textures and flavors."

Melissa's is a major supplier of citrus varieties and a major distributor of kumquats. It was responsible for introducing consumers to many varieties of citrus, such as Buddha's Hand, California blood oranges, Cara Cara oranges and Oro Blanco, he adds.

"Overall, we have a very ample supply of citrus this year," notes Mark Bassetti, vice president of fresh citrus sales for Duda Farm Fresh Foods, Inc., Oviedo, FL. "In California, the crop is above average for navel oranges, so strong promotions early this year will help keep it moving. The Clementine crop in California is growing because of new acreage. Florida and Texas will have ample supplies of grapefruit."

He says tangerines are also good and with slightly smaller size, they lend themselves well to bags. Duda is fully integrated in Florida with imports under varying arrangements from Chile and Mexico. It has operations in Mexico, where it recently opened a state-of-the-art packinghouse, and operates under a number of arrangements in California.

## 1. THINK STRATEGICALLY AND ACT TACTICALLY

Quality and taste top the list of must-haves in order to maximize citrus sales. After those attributes, suppliers of citrus almost universally embrace taking a strategic approach to merchandising the commodity and to matching that approach to the unique customers of each store.

Darrell Genthner, director of marketing and business development for Noble Worldwide, Winter Haven, FL, suppliers of Florida tangerines and specialty citrus, suggests

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building a strategic plan focusing on an assessment of the previous year's results and aiming for a proper assortment that meets all customer segments with the proper value propositions. For true category development, he says, it is important to differentiate a store's offerings in the marketplace. He points to Noble's signature 5-pound carton of tangerines, Cara Cara oranges, Satsuma mandarins and tree-ripened tangelos as providing the chance to offer something different. He also suggests highlighting cultural practices used by growers and packers, for example, Noble's practices of allowing fruit to reach maturity naturally, as another way to enhance differentiation.

"Make sure the decisions are not being made by someone in an office doing the buying but rather by someone in the field or in the production area who can give advice as to why one variety is a better fit for the customer base than another variety," says David Mixon, chief marketing officer, Seald Sweet International, Vero Beach, FL.

He believes getting down to the demographics of the store is extremely important since every retailer has levels of stores that reach different levels of consumers. Knowing the customer base is a major step to discovering the best ways to sell to that group of customers. Mixon prefers to consider Seald Sweet as a category developer rather than a category manager because that term highlights growth potential. Seald Sweet, in conjunction with its parent company Univeg, St. Catherine-Waver, Belgium, is the fifth largest produce company globally and one of the largest importers and exporters of citrus.

## 2. OFFER MANY VARIETIES

The adage, "Variety is the spice of life," aptly fits three distinct areas in citrus merchandising efforts. Suppliers talk of variety of varieties, variety of packaging and variety in pricing.

"We do a fair amount of consumer research and it clearly indicates consumers are very willing to try new varieties," explains Robert Verloop, vice president of global marketing and licensing for Sunkist Growers, Inc., Sherman Oaks, CA. "They like to know the standards are always there, such as the navel, Valencia oranges and some of the better known varieties. We find it works well to start the category with those in mind and then build around them with all the other varieties." Sunkist manages the sales and marketing for a cooperative of 6,000 family-owned growing operations.

"Several varieties are evolving and starting to gain enough production, so there can be meaningful marketing of the fruit," Verloop notes. "Besides the easy-peelers, we continue

## Promote Seasonality And Health

**M**ainstream and ethnic holidays are excellent promotional opportunities that deserve advertising support.

"Ethnic holidays, such as Chinese New Year in February, and the religious holidays of Easter and Passover offer opportunities to promote citrus because of the seasonal and traditional cooking that people do," notes Robert Schueller, director of public relations for Melissa's/World Variety Produce, Inc., Los Angeles, CA.

"Drop a recipe into the ad, so when consumers see it, they will want to make it," recommends Paula Fouchek, marketer for Edinburg Citrus Association, Edinburg, TX. "This time of year offers a lot of opportunities for seasonal ad tie-ins, such as Super Bowl and even Valentine's Day. The red color of the Texas Star [grapefruit] fits in well for bringing red items together and featuring them as healthful alternatives to typical Valentine's Day fare."

Citrus' association with health and fitness contributes to its appeal and is an aspect retailers should focus on to increase sales. Al Finch, vice president of sales and marketing for Diversified Citrus Marketing, Inc., Lake Hamilton, FL, encourages retailers to capitalize on the diet and weight-loss trends early in the year.

"People are trying to eat more healthfully and add fruit to their daily diets," reports Kathy Hearl, marketing promotions manager for DNE World Fruit Sales, Fort Pierce, FL. "Citrus is loaded with vitamin C and contains many essential elements, such as fiber, lycopene and folate."

"Citrus is highly consumable, refreshing," according to Mike Aiton, senior vice president of sales and marketing for Sun World International LLC, Bakersfield, CA. "It tastes good and is good for you."

**pb**

to see growth in some of the relatively newer varieties, but the ones that are starting to get more market traction would be Oro Blanco, pummelo, blood oranges and Cara Cara oranges. Those have been around awhile, but they are becoming more prevalent."

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reports Duda's Bassetti. "It's easy to get kind of lost in doing the same thing every year, but exceptional lift can come from emphasizing varieties." He reports growing consumer interest in the Meyer lemon — a lemon/mandarin cross, resulting in a sweet lemon. "It's been around a long time, but in the last five years, the varieties have gotten stronger and have better shelf life."

"Many retailers consider produce as their anchor department and give it a lot of attention," says Kathy Hearl, marketing promotions manager for DNE World Fruit Sales, Fort Pierce, FL. The company grows, packs and markets fruit from Florida, Texas and California; it also sources from Australia, South Africa, Spain, Chile, Morocco, Peru and Mexico.

"Offering multiple varieties makes it colorful and provides a good mix," she adds. "Offer bulk and bagged products at multiple prices to increase sales. This entices customers to buy and return for repeat purchases."

### 3. OFFER A VARIETY OF PACKAGING

"There are different levels of consumers and different packaging styles to meet consumers' needs," according to Seald Sweet's Mixon. "The more variety you have for your consumers, the more consumers you're going to be able to satisfy within a particular demographic."

He says things have changed since the days before offshore competition — consumers are now looking for year-round produce. In those earlier days, citrus was the main game in town and creativity wasn't a big requirement for marketing it. Today, "Getting to the right consumer with the right package is extremely important."

"We've had good success with consumer packs like clamshells, 1/2-size cartons or 1/3-size cartons," explains Sunkist's Verloop. "Then, by making the package attractive you draw attention to it. I think packaging is really important, especially as retailers get more and more squeezed with labor costs. Using packaging, you can put more pounds out and increase that incremental ring as consumers buy larger quantities of products."

Consumers looking for grapefruit respond to both loose and packaged product.

"Display both bulk and bagged Texas grapefruit," advises Paula Fouchek, marketer for Edinburg Citrus Association, Edinburg, TX. "It's a good mix since some people are looking for a 5- or 8-pound bag of fruit to take home for larger families. Bulk fruit is great for people who want just one piece or a few at a time. Using bins creates a wonderful perceived value to the consumer because the large size commands some attention."

Edinburg Citrus, a cooperative of growers that grows, packs, and ships throughout the United States, into Canada and for export, represents Texas Rio Star grapefruit and Texas oranges.

Fouchek emphasizes capitalizing on the unique characteristics of particular fruit, such as the Texas Star, an exceedingly sweet red created especially for Texas soils.

"Getting the product out to consumers and attracting them with more shelf space is difficult because there are so many SKUs," notes Duda's Bassetti. "We see a lot of success in bins or in bringing in bulk. What has worked extremely well for everything is bagged fruit in bins. Even for Florida grapefruit — an item that has struggled and lost market share. We've been able to bring some life back to it by using bags in bins. By doing this, you're bringing a little better value and more display."

According to LGS' Sears, "The market is looking for 5-pound boxes, particularly during the holiday season," but that doesn't mean retailers shouldn't try to create displays with other sizes, such as 2-pound bags. "It's not rocket science," he adds. "Price is always part of it, but it displays play a major role."

### 4. OFFER A VARIETY OF PRICES AND SAMPLE

To boost sales, Diversified's Finch suggests increasing units in a price block. "Instead of three tangerines for 99¢, do six tangerines for \$1.99. Using that multi-unit pricing can get the consumer to pick up the additional volume and it seems to work."

To increase higher multiples of individual sales and to spur sales of citrus in general, suppliers strongly advocate sampling. "Our primary belief is that the full citrus category is one that is in dire need every year of being re-introduced to the buying consumer," explains Mixon. "We feel the most successful way is through demonstrations."

Across the board, suppliers emphasize using color breaks in displays. Some tactics include using the variations in varietal colors and incorporating some strong signage so customers know what the fruits are. Opening fruit and displaying the color of the inside is another suggestion.

"You have to clearly mark the different varieties," states Sunkist's Verloop. "Consumers get confused because a lot of this fruit is either orange or yellow."

"Eye appeal is buy appeal," notes Fouchek, "and when you're talking about Texas red grapefruit, that red color really attracts attention. If you cut the fruit and display it, it will attract attention." By showing the interior color, you can increase sales by 5 to 10 percent, she adds.

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# Eight Ways To Heat Up Tropical Fruit Sales

*Take advantage of merchandising and marketing tips to maximize profits from this lucrative category.*

BY CAROL BAREUTHER, RD

**M**ainstream American's desire for something new and different coupled with a steady, strong demand from Hispanic and Asian shoppers has transported tropicals from a niche category to one with the potential for considerable mainstream sales.

Jay Schneider, assistant produce sales manager for the eastern division of Acme Markets, Inc., Malvern, PA, notes, "We carry a variety of tropicals — mangos, papaya, guava, star fruit, passion fruit, guavas and plantains to name a few."

Seeing the benefits in moving more tropical fruit, Schneider is one of many retailers rethinking how tropicals can be better merchandised and marketed in the produce department. Experts suggest eight strategies to expand this profitable category.

## 1. DEFINE YOUR TROPICALS CATEGORY

Tropical is a designation that refers to where a product is grown, says Melissa Hartmann de Barros, communications manager for HLB Tropical Food USA, Plantation, FL. "Even though these fruits and vegetables are sometimes considered exotics, the two terms — tropicals and exotics — are not synonymous. For example, kiwi is often merchandised with tropical fruit or fruit grown in tropical regions, but kiwi itself is not grown in the tropics," she explains. "Kiwi is native to Asia and grown extensively in New Zealand and California."

Yet some retailers include kiwi in their tropicals displays, says Veronica Kraushaar, president of Viva Marketing Strategies LLC, Nogales, AZ. "It all depends on the chain's category management plan."



Tropicals are leaving the niche arena and entering the mainstream.

Dionysios Christou, vice president of marketing for Del Monte Fresh Produce, Inc., Coral Gables, FL, agrees and adds, "Produce items that come from warm, tropical climates are generally considered tropicals. Within this category, we find a grand variety of fruits, including bananas and pineapples as the most popular, along with mango, passion fruit, guava and papaya."

## 2. INCLUDE BANANAS AND PINEAPPLE

Bananas are by far the No. 1 selling fruit in the produce department, says Kraushaar. "No other individual tropical fruit that I know ranks in the Top 10 of produce items across all chains."

After bananas, "Pineapples are second in sales for us," states William Goldfield, com-

munications manager for Dole Fresh Fruit Co., Westlake Village, CA. "The gold variety has really taken the category by storm."

Charlie Eagle, vice president of business development, Southern Specialties, Inc., Pompano Beach, FL, notes, "Retailers today will display not only a large gold pineapple but also a mini South African pineapple."

"Sales of pineapple have really taken off in chains like H-E-B [H.E. Butt Grocery Company, San Antonio, TX], which has a coring machine right in the produce department. Sales of fresh-cut pineapple are outpacing the whole form," says Ken Nabal, Boca Raton, FL-based sales manager for Edinburg, TX-based Frontera Produce Ltd.

Calavo Growers, Inc., Santa Paula, CA, recently took over the U.S. and Canadian marketing of Maui Gold pineapples for the



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Maui Pineapple Company Ltd., Brentwood, CA. "We've been able to drive avocado volume by offering ripe, ready-to-eat fruit through an extensive distribution system," explains Liz Inglese, account executive. "We aim to do the same with Maui pineapple. This is an extremely high-sugar, low-acid fruit when harvested and shipped tree ripe. It commands a premium." Calavo anticipates sales of Maui Gold pineapple will contribute \$25 to \$30 million in revenues to the company's top line in fiscal 2008.

Not everyone agrees bananas and pineapples should be merchandised with other tropicals. According to Teagan Donovan, ethnic buyer for Jungle Jim's International Market, Inc., Fairfield, OH, "We don't put bananas and pineapples in with the tropicals. They are both big enough to be categories of their own. Especially, when we display the regular Cavendish bananas along with red, baby, manzano and burro bananas, and plantains."

### 3. ADD RISING STARS LIKE MANGOS AND PAPAYAS

Marvin Lyons, produce director at bigg's, a 12-store chain based in Milford, OH, and a division of Eden Prairie, MN-based Super-Valu, Inc., states, "Mangos are mainstream for us. They have a real following and growth in sales continues."

The most consumed fruit in the world, mangos are "catching on the United States beyond the traditional Hispanic and Asian customer due to their use in foodservice," notes Southern Specialties' Eagle. "For example, it's not uncommon today to see mango salsa on poultry or slices in salads." In an

effort to increase awareness and build consumer recognition, the company introduced Paradise brand mangos last year.

"U.S. consumers look for Tommy Atkins due to the red blush, but volume is starting to pick up on the Haydens and Kents because of their flavor," he adds.

Many retailers are now carrying more than one variety and size of mango, explains Frontera's Nabal. "The Ataulfo has a yellow skin that differentiates it from other mangos. Also, a 2-size program, large and small, allows retailers to offer different retail price points."

Organic mangos are beginning to show sales growth potential. Wendy McManus, director of marketing for the National Mango Board (NMB), Winter Park, FL, states, "In a random sample, 24 percent of consumers said they were 'quite interested' in purchasing organic mangos."

Frontera will begin test marketing organic mangos imported from Peru.

"Papayas have been growing at 20 percent a year for the last five years," according to Mary Ostlund, director of marketing for Brooks Tropicals, Inc., Homestead, FL. "They've gone from a virtually non-existent market to a buoyant one."

Southern Specialties markets its Belizean large papaya and Brazilian Golden Solo Sunrise papaya under its Paradise label. "The red fleshed Belize papaya with its high brix has really grown in popularity," Eagle points out.

In 2007, Calavo began marketing and distributing Hawaiian-grown Kapoho Solo papayas. "We anticipate increasing production to five times what it's been in the past four years," notes Inglese. "This means up to 80,000 to 90,000 10-pound cases per month, on average. The product is available year-round. However, peak production months are February, March and April. Consistency will be better than in the past, too. We have the ability to sort by color and size."

### 4. OFFER A WIDE VARIETY

Some of the newer tropicals introduced to markets during the last few years include "specialty bananas — such as manzanos, babies and reds — plantains, pomegranates, guava, tamarind and a variety of roots like cassava," states Del Monte's Christou.

Zevy Mashav, president of Caribbean Gold, Inc., Miami, FL, notes, "There's also jackfruit, nispero or sapodilla, cherimoya and many others on a small, seasonal scale."

From Hawaii, "There are rambutan, lychee, longan and apple bananas," says Eric Weinert, vice president of marketing for Pride of Hawaii, Keaau, HI.

Viva's Kraushaar adds, "We're seeing new items from South America, such as passion fruit. Maybe its because the Brazilians and others are putting more money behind their export marketing."

## 5. TARGET THE TROPICALS CUSTOMER

The tropicals customer "covers just about everyone," says Jungle Jim's Donovan. "For example, our Hispanic and Caribbean customers look for root vegetables, such as boniato, malanga, dasheen and yams. Hispanic customers love plantains and mangos. We carry four different kinds of coconuts, so that our Middle East, Indian and Asian customers can each find what they like — brown, green and shaved coconuts. Then, we have our mainstream U.S. customers who want to sample everything that's new."

The introduction of more exotic tropical fruits has increased during the last decade, particularly as the number of consumers familiar with these products increases, notes Christou. "As Latin and Asian cuisines are introduced in the United States, Americans are becoming more adventurous eaters and more willing to try new foods. Retailers have expanded their tropical fruit offering as a result of these changes."

However, "The main tropical customer is probably still ethnic but rapidly expanding to other segments," notes HLB's de Barros. "This includes wealthy families who have more disposable income to try new and exotic items. We often get calls from people who tried papayas on a vacation to an exotic place and want to know where to buy the fruit because they want to keep enjoying them at home."

Nowadays, adds Marion Tabard, marketing director for Turbana Corp., Coral Gables, FL, "All consumers purchase tropicals to one degree or another. Year-round availability of many items, articles in food magazines, and the Travel Channel and Food Network have helped to expose these products."

## 6. CREATE INVITING DISPLAYS

No one size or style fits all when it comes to displaying tropicals for maximum turns, says Viva's Kraushaar. "Most typically, you'll see what I define as the 'island tropicals' — papayas, pineapples, etc. — together, often



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not with the bananas, which have their own section. However, if mangos were one of the fastest growing fruits for a chain, we would expect to see secondary or cross-displays. Retailers ultimately do what works for them and their margins."

"In most of our bigger stores, we have a 6-foot end cap dedicated to tropical fruits," says Acme's Schneider.

Mark Luchak, director of produce and floral, Rice Epicurean Markets, Inc., Houston, TX, adds, "Mangos are displayed near the berries and soft fruit in summer, and near the pineapple and bananas in winter. Either way, they're in a prominent location."

Tropicals have traditionally been relegated to a small, dusty corner at the back of the department but, when brought to a more prominent position, sales step up, says Dole's Goldfield. "A bountiful, attractive display entices customers to buy. No one wants to buy the last of something, and no one wants to buy something they think no one else does."

Brooks' Ostlund agrees, saying, "A retailer once told me tropicals wouldn't sell in his market, but I knew differently. We sold to his competitor, who made a real commitment to the tropicals category and sold a heck of a lot of product. Give products space, and they'll sell. Don't give them space, and it's a self-fulfilling prophecy."

Cross-displays are useful for spurring impulse sales of tropicals, she continues. "Some retailers build a salsa display and include mangos, papayas and coconuts. Others place boniatos next to the baking potatoes and suggest consumers try a baked boniato for a change of pace."

Del Monte's Christou recommends, "Display items consumers are familiar with next to less familiar items. For example, use the strength of a Gold pineapple or bananas to encourage sales of lesser known items like guava, tamarind and star fruit, which can be grouped together and displayed as an exotics category."

"Creating a destination is very successful," he adds. "Placing items in a tropical fruit section will draw consumers to that section and encourage them to try different products. Theme displays, which utilize cross-merchandising ideas between the departments, such as produce and deli, are very effective. An in-store luau with demos of pineapples and other tropical fruits is an example of this. In addition, support displays with point-of-sale materials, such as posters, information cards and inflatables."

No matter what display method, it's important to sign products properly. "I often see our papayas advertised with the wrong price and more often with the wrong coun-

## Push Tropicals Vacation In Winter

American consumers do not eat the recommended daily servings of fruit and U.S. fruit consumption slips to 44 percent of recommended servings during the winter, notes Dionysios Christou, vice president of marketing, Del Monte Fresh Produce, Inc., Coral Gables, FL. "Retailers need to remind consumers that cold weather should not deter them from eating fruits and vegetables. On the contrary, the high nutritional value of fruit should be a motivating factor for consumers to increase their consumption during this period where health concerns are on the rise. Retailers can maintain big stands with display and recipe cards for fruits available during the winter, such as bananas, pineapples, kiwi, plantains and mangos. For consumers who don't like to, or are not sure how to, prepare tropical fruit, cut certain commodities. Retailers can offer these fresh-cut items as the perfect solution for eating healthfully without the hassle of preparing fruit."

Veronica Kraushaar, president, Viva Marketing Strategies LLC, Nogales, AZ, adds, "We have had good success with what I term 'concept selling,' where we use ad creativity to generate a fantasy and thus drive impulse sales. For example, during the cold season we may push the vitamin C content. Mid-winter, when cabin fever sets in, we push 'island getaway.' You want to create the idea in customers' minds about a tropical paradise. This category is ideal for the fantasy factor."

Jungle Jim's International Market, Inc., Fairfield, OH, plays on this theme perfectly, notes Teagan Donovan, ethnic buyer. Tropical fruits and vegetables are showcased in elaborate displays built as grass huts with coconut palms and monkeys swinging through the branches. "It adds a lot of fun to the gray haze of an Ohio winter."

**pb**

try of origin," says HLB's de Barros.

### 7. INFORM CONSUMERS

Education is key to successful sales, says de Barros. "Most customers who are curious about a new produce item do not know how to purchase a ripe fruit or how to eat it. For example, if a person buys a guava that is not yet ripe and eats it, it will not have an ideal taste, and the person will not buy the fruit again. Leaflets and point-of-sale materials that offer purchasing tips and recipes with practical uses for the product are helpful."

Del Monte's Christou agrees, adding, "Display cards should also be used with information about the fruit, such as health benefits and best storage and handling practices. This encourages trial and enables consumers to enjoy the fruit when it is at its optimal eating stage."

Retailers whose merchandising modus operandi is a 'clean' or 'uncluttered' look can educate consumers in other ways, says NMB's McManus. "There are header cards on products, Web sites, incorporating words into ads or circulars, consumer affairs publications and e-mail newsletters. In-store taste-sampling or demos can also be effective."

"In our work with grower groups, where we only have trade- and not consumer-marketing budgets, we try to push for in-store demos supported by ads to drive awareness," notes Viva's Kraushaar.

Let consumers see cut tropicals or offer ready-to-eat opportunities, says Brooks' Ostlund. "Cut a papaya in half, wrap it in plastic and lay it on top of the display so customers can see what it looks like inside. Alternatively, remove the seeds from the cavity, fill it with fresh berries and add a plastic spoon. It's a ready-made snack."

Bigg's Lyons adds, "There's a huge sales opportunity when you educate consumers how to choose, say, a ripe mango."

### 8. ADVERTISE AND PROMOTE OFTEN

The more frequent the promotions, explains Frontera's Nabal, "the more tonnage sold. To sell volume, you want a big display and a hot price. Tropicals are available 52 weeks a year."

Increases in the availability of Hawaiian papaya will make for attractive prices in the near future, states Calavo's Inglese. "Hawaiian papaya have previously retailed for \$3.99. Now we're looking at a volume that will bring the price down to \$1.99 apiece."

Combination ads can be effective for moving less familiar tropicals. Dole's Goldfield notes, "Advertise, for example, bananas at a certain price combined with a price reduction on mangos. This will encourage trial."

De Barros agrees. "Tropicals should be advertised in a bundle, using recipes that will contain more than one tropical fruit." **pb**

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Reader Service # 59

# Casual Chain Restaurant Best Buying Practices

*Foodservice sector keeping closer tabs on food safety, supply quality and crop conditions when purchasing produce.*

BY BARBARA ROBISON

**M**ore casual chain restaurant patrons are requesting fresh produce items, and the foodservice industry is gladly serving them up.

This involves changes in fresh produce buying practices, including increased restaurateur concerns about food safety. "The fundamentals of purchasing have not changed," notes Janet Erickson, executive vice president of purchasing and quality assurance for Del Taco LLC, a Lake Forest, CA-based chain of quick-service Mexican restaurants. "Quality is still our No. 1 requirement, but during the past five years, we've been spending more time on our quality standards. This is especially true of food safety, which we consider part of quality."

Scott Danner, COO at Liberty Fruit Company, Kansas City, KS, says the company has experienced a major change in its casual restaurant foodservice customers' buying practices. "Food safety has been important, but now we provide assurances that fresh produce can be quickly traced back to the source in the event of a problem. We also are seeing more restaurant requests to support local farmers whenever possible."

Food safety, supply, quality and crop conditions are all very important, according to Gene Harris, senior purchasing agent, Spartanburg, SC-based Denny's Corporation, Inc., the casual restaurant chain with more than 1,500 restaurants in 49 states. "We have a number of key criteria, including food safety, using approved suppliers, traceability, guaranteed supply and contract pricing on major items. With so many restaurants, we use several produce distributors, primarily independents."

Jim Long, produce merchandiser for Lankford-Sysco Food Services LLC, a



Photo courtesy of The Cheesecake Factory

**Quality and food safety are the main components when sourcing produce for casual dining restaurants.**

Pocomoke, MD-based distributor and subsidiary of Sysco Corp., Houston, TX, reports, "Formerly, we bought what we felt was top-quality produce. Now, with heightened food-safety concerns, buying produce involves a lot more. To assure our foodservice customers the produce they buy is safe, we preach Sysco's quality assurance policy with our produce suppliers. We require suppliers to use good agricultural practices [GAPs], and good business practices. We also require a third-party audit, which is to be kept on file."

"When it comes to serving restaurants, food safety is at the top of the spectrum," says Ron Carkoski, president and CEO, Four Seasons Produce, Inc., an Ephrata, PA-based independent wholesaler. "We have contracts in place, with third-party audits to assure

our customers about the product's safety."

Pro\*Act LLC, Monterey, CA, is trying to allay restaurants' concerns about food-safety issues by providing documentation on its high standards. "We are vertically integrated from field to table, with 44 distributors. We drop produce suppliers if they don't adhere to our standards. We have a director of food safety, and we make sure HACCP [Hazard Analysis and Critical Control Point] is in place from procurement to distribution," according to vice president of development, Lloyd Ligier.

The top considerations in produce buying for The Cheesecake Factory, Inc., the Calabasas Hills, CA-based casual restaurant chain with over 135 locations, are food safety, consistent quality and price.



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## Value Added On The Rise

**V**alue-added produce buying is another change most distributors are noting with their casual restaurant clients. "We have members all over the country working with restaurants to provide kitchen problem solutions," states Tim York, CEO of Markon Cooperative, Inc., Salinas, CA. "We are seeing a tremendous increase in demand for value-added items in any form."

U.S. Foodservice, Columbia, MD, is experiencing increased requests for value-added items such as spring mix, coleslaw and mixed fruit. "Usually the value-added items are prepared to our specifications, which are custom designed for our clients," says Joe Gunter, produce manager at the company's Boca Raton, FL, facility.

A distributor, who wishes to remain anonymous, finds prepeeled garlic and shallots, carrot coins and sliced mushrooms in great demand. There is a lot more produce being cut at shipping point, which wasn't available five to 10 years ago. The distributor figures buying value-added can save a casual restaurant a 10 to 20 percent loss on onions.

Denny's Corporation, Inc., Spartanburg, SC, uses value-added produce as much as possible, notes Gene Harris, senior purchasing agent. "It is safer, more consistent with regard to yield, and pricing tends to be more stable."

Del Taco LLC, Lake Forest, CA, has been using value-added produce for many years and just wants to be sure the suppliers can provide a decent shelf life for the products, according to Janet Erickson, executive vice president of purchasing and quality assurance.

Max Nisson & Associates, Henderson, NV, agrees, saying, "Value-added produce items are a driving force in foodservice. Some things do exceptionally well, but not every item does well. So much depends on the operation using the product. Restaurants are trying to take knives out of the kitchen with value-added produce. Some benefits they see are lower insurance costs, labor savings, consistency of product and help with keeping inventories down, particularly if space is limited. Savings on equipment investment are especially helpful for smaller operations." **pb**

Max Nisson & Associates, based in Henderson, NV, outsources the entire program for The Cheesecake Factory's 160 plus units, using 42 distributors across the country. Company founder Max Nisson says, "We have a direct relationship with growers/shippers, who need to know what The Cheesecake Factory specifications are. We have a bond between grower/shipper, distributor and end user, so we know who is doing the best job and who needs to improve. The restaurant chain is the only one with 53 contracted produce items with grower/shippers regarding food safety and consistent quality."

Not only do restaurateurs want to know where produce is grown, but they are also seeking more locally grown and American-grown produce, according to Chuck Weisinger, president, Weis-Buy Farms, Inc, a Fort Myers, FL-based full service expeditor. His foodservice customers want clean, pest-free produce that uses HACCP regulations.

### CREATIVITY IS KEY

Price is still a factor when selling produce to a casual restaurant chain, however conditions have changed. "Certainly we take the price of produce into consideration when purchasing, but it is not the decision-

maker. Who can provide quality and food safety at a reasonable price is really what we look for," states Erickson.

Maurice Trudel, partner, Maurice Trudel Brokerage Company, an Everett, MA-based fruit and vegetable broker, echoes her sentiments. "It used to be that price meant everything in foodservice, but today food safety and quality at a proper price are the main buying considerations. Buyers are so concerned about lawsuits they ask if a product was grown in a safe area and how it was handled before it reached them."

Produce pricing contracts appear to be popular with many restaurant buyers. Trudel Brokerage works with some customers on a 2-week basis or sometimes with a price per month or perhaps three or four months. "This gets away from some of the supply-and-demand problems and helps a restaurant figure food costs and portion control," Trudel adds.

Liberty Fruit is also seeing more contract pricing, some up to one to three years, according to Danner.

"Pricing contracts vary with the customer. Some set high and low prices or a market cap, and some are on a seasonal basis," says Four Seasons' Carkoski.

# Organic Buying

**O**rganic produce is not a major casual chain restaurant offering at this time. However, everyone in the business is watching closely and will be ready to move when the timing is right.

Gene Harris, senior purchasing agent for Denny's Corporation, Inc., Spartanburg, SC, says the chain is not currently buying organic items, but as consumer awareness and availability of produce items increase, it will be considered.

Janet Erickson, executive vice president of purchasing and quality assurance for Del Taco LLC, Lake Forest, CA, expresses the same thought. "Customers are not asking for organics now, but we wouldn't say we won't consider organics in the future should things change."

Lankford-Sysco Food Service LLC, Pocomoke, MD, receives some calls from restaurants for organic produce items but not many, according to Jim Long, produce merchandiser. "We get a few calls for organic herbs and spring mix. I think more of our customers would like to buy organics if the products were more consistent and the price were right."

More growers are converting to organics and the retail organic produce business is growing, so there should be a greater variety of items with more consistent supplies and more reasonable prices, according to Lloyd Ligier, vice president of development, Pro\*Act LLC, Monterey, CA. He cites an increase in organics for foodservice customers in schools and colleges but not for the casual restaurant.

"The demand for organic produce continues to rise, and we feel the foodservice business is just on the crest. It is slower than retail, but as more consumers look for organics, the products will begin to appear on menus," says Joe Gunter, produce manager for Columbia, MD-based U.S. Foodservice's facility in Boca Raton, FL.

Right now, Maurice Trudel, partner, Maurice Trudel Brokerage Company, an Everett, MA-based fruit and vegetable broker, sees the price differential as a major reason why few casual restaurants are requesting organic items. "If the trend for the restaurants to use organics appears anywhere, I believe it will be in California. The East Coast won't react as quickly to a change," he adds.

"If restaurants are going to use organic produce, they need to understand the implications. Organics can be labor- and time-intensive for a foodservice operation," says Eric Sorensen, export sales manager for FreshPoint A One A Produce & Dairy, Pompano Beach, FL.

"Approximately 24 percent of our business is organic, which is primarily retail," states Ron Carkoski, president and CEO of Four Seasons Produce, Inc., Ephrata, PA. "We are closely monitoring foodservice trends and have a few restaurant customers, but they are known for serving organic produce and are not your typical restaurants."

**pb**

Denny's uses electronic ordering for its large distributors and requires its produce suppliers to submit invoicing via Electronic Data Interchange (EDI).

Many aspects of pricing produce for restaurants come down to service from the distributor. Del Taco's Erickson says long-term relationships are very important. "We don't change suppliers often and we like having direct contact with all of our suppliers."

Good supplier restaurant relationships involve understanding each customer's needs and trying to solve problems. "Foodservice business differs from retail because it's a flat line. Most restaurants usually aren't on ad with specials and most menus are fixed. Being creative with pack sizes that suit foodservice needs can be especially helpful in

menu pricing," says Nisson of Max Nisson.

"We believe building good personal relationships with restaurant buyers can't be over-emphasized," explains Eric Sorensen, export sales manager for FreshPoint A One A Produce & Dairy, a Pompano Beach, FL-based produce distributor.

Consistency of label and quality of product are important, but spending time with the customer is also important.

"We visit the cooler areas, look at a customer's activity boards, bring samples on a regular basis, provide heads-up information and make sure of accurate invoicing — all of the things that help a customer succeed. Our sales people are told to check their assumptions at the door," according to Four Season's Carkoski.

Four Seasons emphasizes its core values when dealing with its customers. These values include integrity and building trust, establishing exceptional partnerships with customers to help them solve problems, and having a winning culture. "We provide weekly market sheets with what crops are under pressure and a weekly hot sheet, listing which items are good buys. Our sales people are in meetings four days a week with buyers; they walk the coolers with the customers," Carkoski reports.

In New York City, the foodservice business is extremely competitive, and restaurants are a demanding customer base, according to Matthew D'Arrigo, vice president of D'Arrigo Foodservice, Bronx, NY. "Our customers expect fresh, high-quality produce that is readily available with on time deliveries," he reports. "The bigger restaurant chains also have more produce specifications. We emphasize to our customers the importance of cold-chain management but realize most have their own systems for dealing with it. We keep the restaurant informed of new items, new packs and things we feel will make a positive impact on their business. We don't tell them how to cook because that's their expertise."

Inventory space is often limited for most restaurants, making produce deliveries a critical factor. Deliveries provide distributors with creative options for their customers. One option is to arrange deliveries to save on high fuel costs. "Storage space is a luxury for us, so we need a supplier who can meet our needs," says Barbara Sibley, owner of La Palapa Cocina Mexicana, a 2-restaurant operation in New York City, NY.

One big challenge for Sibley's restaurants is avocados, she says. They use a lot and need space to do in-house ripening. The restaurants usually have deliveries two to three times a week, sometimes even on Saturdays. Because the restaurants' cuisine is ethnic, they use a buyer who obtains more unusual herbs, chiles and other items from a specialty marketing company.

Jimmy's No. 43, another New York, NY, restaurant, is putting more produce items on its menu, according to owner Jimmy Carbone. "We have removed some starches, replacing them with fresh vegetables and we're using more seasonal items, such as root vegetables. We also try to use locally grown produce whenever possible," he says.

According to Stephanie Golinski, manager, Maplewood Pizzeria & Family Restaurant, Maplewood, NJ, produce quality and freshness are key. The restaurant has excellent service, with daily deliveries no matter what the size. "We call the night before and it's at our door the next morning," she adds.

**pb**

# Using Wholesalers For Organic Produce

*Many retailers want produce "fresh" from the grower to the shelf, but when it comes to organic, that stop in the middle may be a better option for quality assurance and convenience.*

BY TRISHA WOOLDRIDGE

**O**rganic foods are one of the fastest growing, if not the fastest growing, category in the food industry. The category has grown an average of 20 percent every year for the past decade, according to the Greenfield, MA-based Organic Trade Association's 2007 *Manufacturer Survey*, conducted by Packaged Facts, Rockville, MD. But even with this growth, organic and specialty items are a small part of the produce department. This dynamic creates some interesting issues within the industry in terms of how retailers get organic products to their shelves.

The current trend in retail is for stores to cut out the middleman and buy product direct from growers and shippers, relying on wholesalers only to fill in gaps or shortages. While this might work well for conventional produce, organic is still a sub-category and most retailers don't need an entire truck of organic baby carrots. Where retailers might see the extra cost of wholesalers or distributors as unnecessary for conventional produce, the organic wholesaler or distributor provides an added value through consolidation, education and merchandising.

"Four to six years ago, chain stores didn't want to buy direct; they used wholesale," explains Eric Mitchnick, director of the specialty/organic division of S. Katzman Produce, Inc., Bronx, NY. "Now they want to



**Wholesalers and distributors allow retailers to buy only the quantities they need for this category that remains a niche in mainstream stores.**

cost and shrink from transportation and unsold items.

## CONSOLIDATING GOODS AND SERVICES

The most evident benefit of using a wholesaler or distributor is the consolidation, a one-stop shop for all organic products and services.

While many produce departments have separate buyers for different categories, such as a tomato or lettuce buyer, there is often a single person in charge of the organic category. This means one person must purchase all of the organic tomatoes, lettuces, potatoes and so on.

"When you work with a wholesaler, you get everything organic. A grower might just

buy direct from the grower, but there's not a lot of sense in carrying organic like that."

Rick Feighery, director of sales for Proccacci Brothers Sales Corp., Philadelphia, PA explains, "With organics being a sub-category, usually 3 percent or less of an entire department, wholesalers benefit large-scale retailers. The volume doesn't warrant a lot of slots, so [a retailer] needs to balance the shrink incurred with the number being sold." For example, if someone on the East Coast is buying organic celery from the West Coast, it's hard to buy enough to balance the

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do leafy greens or root vegetables or citrus," states Robert Schueller, director of public relations for Melissa's/World Variety Produce, Inc, Los Angeles, CA.

Scott Dennis, sales director for Albert's Organics Bridgeport, NJ, explains further, "Distributors are carrying a wider variety of product for the overall category of organic. We manage the whole inventory process."

Consolidation also strongly affects transportation. "A retail store is not necessarily picking up a full load of organic product," explains Schueller. "If a retailer goes to a grower, he's not buying a whole truck. He's getting a pallet, a half pallet or less. If they go out to pick up one pallet, that's more price to the consumer."

Dennis agrees, noting, "The distributor consolidates all organic purchases. The retailer gets one shipment from one distributor instead of 30 to 40 growers. It's less paperwork and less management of the category overall."

Further complicating matters, organic produce is grown on numerous small, independent farms rather than few large ones. In conventional produce, if there is a cucumber shortage, there may be two or three growers to call for more product. For organics, the list for cucumber growers may include more than a dozen independent farmers.

"The size of organic growers is smaller than retailers are accustomed to," notes Bob Scaman, president of Goodness Greeness, Chicago, IL, "so there's a lot of moving around for supply. You must be nimble to move around the industry."

Jack Ford, president of New England Organics, Chelsea, MA, describes another benefit of the relationship wholesalers build with growers, "There is a value from the long-standing relationships with growers and wholesalers. You may get an opportunity that direct purchasing won't get. Some farms offer special rates with wholesalers because of the relationship."

Food labeled organic needs to be certified. The certification covers not only the growing conditions but also the means of transportation and packaging. If retailers carry organic green beans, for example, they need to ensure up-to-date certification on growing conditions from all farmers. Retailers also must prove organic product was not shipped or packaged with conventional items.

"Wholesalers specializing in organics bring expertise to the table," Dennis continues. "They bring certification, and you need the certification. A retailer or chain buying from a distributor needs only one certificate from the distributor. The distributor carries all the certificates for the growers — how the product's grown, how it's packaged and

how it's transported."

## EDUCATION AND MERCHANDISING

In addition to consolidation of goods and services, many wholesalers and distributors take their relationship with retailers one step further and become partners, supporting the organic program.

"With organics, you've got an undersupplied product and an educated consumer," Goodness Greeness' Scaman describes. "You need to know what makes the product different. It's a wholesaler's job to educate the retailer at the front lines of stores, because certified organic means something in the consumers' minds."

New England's Ford explains that wholesalers and distributors make sure sales reps are knowledgeable. "They know the customer and know certain things don't sell in certain areas."

This partnership can include educating produce staff about the products and how to sell them, offering point-of-purchase material, packaging information, in-store demos or demographic profiling to figure out which products will work best in the store.

"You're buying more than just product," says Melissa's Schueller. "You're getting a team of managers. Wholesalers provide selling experience, merchandising and point-of-purchase cards. You're getting support." For example, Melissa's Web site offers recipes and information on each of the products it carries. "We want the product to sell in stores. Part of the partnership is to make it sell."

"For organics, we provide a support network," notes Scaman. "It's a win-win situa-



Photo by Marty Whitacre

**Wholesalers provide educational services as well as consolidation services.**

## What's In A Name?

**W**hen looking at the logistics of getting organic produce to the shelves, there's a name to the game. The three most often used terms may have an impact on the service and value that travels with the product.

*Consolidators* are popular in the West Coast. Consolidators do just that — consolidate. Several growers from different regions will bring their products to a warehouse and retailers will send their trucks to pick up the orders. There is little to no interaction or service that goes with this kind of consolidation; it's a straightforward way to cut transportation costs for a sub-category. However, it's not available all over the United States and still may not cut transportation costs enough for a store if its organic needs aren't big enough to warrant a full truck on a potentially cross-country drive.

On the other hand, *wholesaler* and *distributor* are often used interchangeably, but not always — and the differentiation can be important. Scott Dennis, sales director for Albert's Organics Bridgeport,

NJ, and Bob Scaman, president of Goodness Greeness, Chicago, IL, differentiate distributors as service-providers where wholesalers may just deliver product. However, Robert Schueller, director of public relations for Melissa's/World Variety Produce, Inc, Los Angeles, CA, refers to Melissa's as a wholesaler, though the company provides a full line of education, packaging and merchandising services. Jack Ford, president of New England Organics, Chelsea, MA, suggests the difference lies in delivery options.

Another perspective comes from Eric Mitchnick, director of the specialty/organic division of S. Katzman Produce, Inc., Bronx, NY. "There are different levels of wholesalers and distributors," he notes. "Under both terms, you can get full-service programs with point-of-sale materials and education; others just bring the product and leave."

The best way to find out if a consolidator, distributor or wholesaler offers what a store needs is to speak with a representative and find out.

**pb**

tion. Their success is our success."

### WHAT TO CHOOSE?

When a retailer is deciding the best way to handle and transport organic products, it's essential to consider size, staff knowledge, transportation abilities and demographic demand. Some national and regional chain stores have extensive distribution centers and trucks servicing multiple stores, so they can take advantage of direct sales from growers. In addition, more conventional or large-scale growers are making organic options available through direct purchase. These stores and these growers already have the infrastructure to easily and properly offer organic produce along with a conventional produce program. On the other hand, there are still many retailers

and small growers who can benefit from consolidation and service provided by a third party.

"My customers are small, independent farms and stores," Ford points out. "They're so small that they couldn't buy outside of wholesale. They only buy four or five boxes of product."

"Some stores want direct contact with growers for pricing reasons," explains Mitchnick of S. Katzman. "The closer the connection with growers, the better the traceability." Big growers entering into organics bring their sales staff with them to manage the category, he adds.

Wholesalers and distributors offer a lot to their clients and partners through consolidation of product and services, education and category expertise. To make the best decision for its organic program, a retailer needs to define value as more than just the price of getting the product on the shelves; value also includes the service and support it may need for these specialty items.

"The ideology in the industry is to get away from wholesalers, but there are quite a few segments where the 'middle-man' is still a significant benefit," summarizes Procacci's Feighery. "Organic and specialty items are two places where utilizing a wholesaler really helps."

**pb**



# Atlanta's *HOT* Wholesale Market

Success comes with the territory in this produce friendly city.

By Lisa Lieberman

**The 150-acre Atlanta Wholesale Market, which opened in 1958, is one of the largest farmers' markets of its kind in the United States. It is also, many people say, the most successful market in Georgia and one of the best locations in the South for selling produce.**

"We're one of the few state markets that makes money," explains Hubert Nall, owner of Hubert H. Nall Co., Inc., based in Forest Park, GA. "For as old as Atlanta [Wholesale Market] is, it was also one of the best designed markets when it was built. They designed the buildings far enough away from each other so trucks could back in and out of the market without interfering with each other. The market is also in a great location, not too close to downtown, so there's not a lot of traffic. That makes it easy for trucks to get in and out of the city." The market has been so successful that it's "bursting at the seams" and there's a long line of people waiting to get into it, he adds. *[Editor's note: PRODUCE BUSINESS is sad to note the untimely passing of Hubert Nall, who died on Dec. 27, 2007, in an automobile accident. Our condolences to the Nall family and organization.]*

"We are completely full," says Tony Dupree, marketing manager for the Atlanta Wholesale Market. "We very seldom have any openings. Here, when the owners of the companies get old enough to retire, usually a relative or someone they know takes over."

The market has four different interstate systems next door, as well as an airport and a rail line nearby, "so in terms of transportation, it's a real nice place to be," Dupree adds.

Lon Langston, president of Georgia National Produce, LLC, Atlanta, GA, agrees, saying, "It's a fantastic location. It's at the intersection of two major interstates. It's almost at the center of the Southeast. Geography is one of the market's best qualities, along with the strong business acumen of the extraordinary, longstanding

businesses that operate out of it."

Ten years ago, Chris Grizzaffe, manager of Produce Exchange of Atlanta, Inc., opened the Atlanta branch of his family's company, Produce Exchange Co., Inc., based in Tampa, FL. "Our corporate office is in the Tampa Market in Florida," he points out. "Out here, there's a lot more room and we're doing business with a lot more companies on this market. The reason we came here is because we followed some of the chain stores that were coming to Georgia, Tennessee and Alabama. These chains needed suppliers out of Atlanta instead of Florida, so we thought we'd open an office in Atlanta."

Produce Exchange handles predominantly southern lines of vegetables and focuses on staples, such as green beans, pole beans, cucumbers, green peppers, onions and potatoes. "We do produce out of Florida and Nogales [AZ], and some of the hardier produce from Michigan, like radishes, parsnips and carrots," according to Grizzaffe. "We don't do a lot of ethnic stuff, although we have noticed a pick up in demand for red peppers and colored peppers. We've done well with the colored peppers because people are experimenting with different kinds of produce."

## MARKET EXPANSION

Produce Exchange delivers primarily to large chain grocery stores and also does a lot of walk-up foodservice trade. "We get guys who pick up stuff for restaurants or hotels. We probably do about 60 percent chain stores and 40 percent restaurant and foodservice,"



**Chris Grizzaffe**  
Produce Exchange  
of Atlanta, Inc.



**Jim Sabourin**  
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Grizzaffe explains.

Georgia National's Langston says the Atlanta Wholesale Market hits most of the points throughout the supply chain with the exception of retail.

"Years ago, it used to have a retail and a wholesale component, but while the wholesale component has expanded, the retail side has diminished. Most companies, here, cater to walk-ins, large retail chain accounts and everything in between."

Most vendors on the market sell domestic

**Most vendors on the market sell domestic produce, although more people are importing from Mexico these days.**

produce, although more people are importing from Mexico these days. "Our fastest-growing stuff is Mexican product," notes Dupree. "We're seeing more mangos, plantains, cactus leaves, jalapeño peppers and habanero peppers. We're also doing more Asian produce, although not as much as the Mexican produce."

Many ingredients used in Asian restaurants, such as bok choy and snow peas, are increasingly being grown locally, which makes it easier to source for buyers, he adds.

Coosemans Atlanta, Inc., based in Atlanta, GA, is one of the major suppliers of specialty produce at the Atlanta Market, sourcing such diverse products as mini vegetables, baby squash, specialty melons, micro greens, baby lettuces, exotic mushrooms and exotic fruit, such as gooseberries and boysenberries.

"We source as direct as possible," notes

## Organic And Ethnic Foods

**D**avid Hoch, co-owner of Fidelity Fruit & Produce Co., Atlanta, GA, concentrates on selling bananas, pineapples and plantains from Central America. About 30 to 40 percent of the business is contract while the rest is either walk-in or customers calling in orders.

"The Atlanta market keeps getting bigger," according to Hoch. "We've been looking into doing organic. It's not a really big item yet but it's getting bigger all the time."

The demand for different ethnic items as well as organics is increasing all the time, notes Howard Mundt, owner of Harvest Brokerage, Inc., Atlanta, GA, which came from Detroit to the Atlanta market in 1979. The company, which sells lettuce, cabbage, peppers, potatoes and onions, brokers to retail stores, chain stores and wholesalers. Although most of Harvest's supplies come from domestic growers, the

company also brings in produce from Mexico and South America.

"We came to Atlanta when it was two million people. Now, it's more than four million people. When we first started, we were doing 12 or 15 basic commodities. Now we're booking over 240 different commodities. In the past four or five years, we've had a big influx of Hispanics and Asians coming into the city, and the demand is there for different types of produce. All this diversity is good for business," Mundt explains.

As a market, Atlanta is one of the best places to do business right now, he adds. "When we first came down here, the market was full. Then, it dwindled down some. Now there's gotten to be such an explosion of stalls that all the dock space has been taken up. That's just the cycle of things."

**pb**

Brian Young, marketing manager for Coosemans. "We import from California, Florida, Nicaragua, Costa Rica and Europe."

Coosemans, which has offices in all areas of the country except the Pacific Northwest,

joined the Atlanta market in 1993. "The South was under the radar for a long time," explains Young. "In the mid-to-late '90s, big produce companies in California wanted to target Atlanta for logistical purposes. After

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**N**orcross, GA-based A.P.M. Inc., has a new packaging system for produce, the A.P.M. 1400 Packer/Bagger, says Jim Sabourin, president. It is a U.S.-built "user-friendly, simple-to-operate and -maintain machine," he states. Previously packers could get only foreign machines with proprietary parts to pack potatoes, onions, oranges, avocados, limes, lemons, etc., so they "were at the mercy of the supplier for service and parts."

A.P.M. supplies new machines, and retrofits the electronics and rebuilds some competitive units. The weighers come in 10-, 12- and 14-bucket configurations. The same unit can repack large potatoes up to 26 ounces, number 25 grapefruit, B-size potatoes and creamer onions. Various sizes of produce ranging from two to 20 pounds can be accurately packed.

Sabourin adds prices for A.P.M. machines are a fraction of those charged by foreign competitors and available from 600 to 700 dealers. "Technical help is also available from these same distributors or by calling A.P.M. Each machine has a modem and can be electronically adjusted, modified or programmed via Ethernet or telephone connection, eliminating the need for costly service calls," he states. **pb**

the Olympics, a light bulb went off and a lot of people came in this direction."

Since 1993, Coosemans has "doubled, if not tripled" its business, according to Young. About 25 to 30 percent of the company's business is retail and the rest is foodservice. The Atlanta operation does about 80 to 85 percent of its business within Atlanta and the state of Georgia. The various branches of Coosemans work with more than 400 different produce items.

### FILLING IN GAPS

"We don't do contracts," Coosemans Young points out. "Our business is different every day. We have a lot of walk-in trade. Sometimes we facilitate other people's shorts. We don't work a day in advance. We work in real time. We're like the 7-Eleven of the specialty produce business."

Flexibility is one of the most important aspects of the Atlanta market, says Nall. Hubert Nall, which has operated out of the

market since 1958, sells a variety of produce but focuses on staple items, such as apples, onions, lettuce and potatoes.

"The trend has been for people to buy a little bit of a lot of things," Nall states, "So instead of buying one truckload of something or half of this and half of that, you could have 15 or 20 items on a truck. You have to be flexible for your customers."

General Produce, Inc., Atlanta, GA, provides a wide range of services to customers and specializes in covering shortages for wholesalers, retailers and brokers, according to Andrew Scott, sales and procurement manager. The company also does wholesale resale and repacking for large retailers. "We're what you call a produce supply integrator, which basically means we're an ambulance service," Scott explains. "You can call us up by noon and we'll deliver that night or the next morning."

The company's top three items are bananas, tomatoes and potatoes. It has about 100,000 square feet of space at the Atlanta market, including 22 banana rooms. "We're toying around with the idea of doing some lettuce contracts. We've never done that before, but we might be doing it this year," Scott says.

General Produce has warehouses in Atlanta and Cairo, GA, as well as facilities in Maiden, NC and Palatka, FL. The company, which is one of the biggest wholesale suppliers in the Southeast, imports produce from around the world. It has more than 100 trucks, 350 employees and delivers product to 11 states. One of its key strategies is to buy directly from suppliers, so it has quick access to product and can get procure almost anything on short notice, notes Scott.

"The trend these days is filling gaps for other wholesalers," he points out. "They rely on us to fill those gaps. Our services are important because a seller could get kicked out of a large retail store if they aren't able to keep up with supplies." About 25 percent of General Produce's business is retail and 10 percent is walk-ins. The rest comes from foodservices and covering shortages for other companies.

According to Mike Jardina, president and CEO of J. J. Jardina Co. Inc, Forest Park, GA, being able to source larger volumes of produce for customers is becoming increasingly important. "Our customer base has shrunk, but our sales have gone up because we've been targeting bigger customers," he notes. "We buy from shippers, growers and packers. Five years ago, 95 percent of our business was walk-in and 5 percent was over the phone. Now it's the reverse — 95 percent over the phone and 5 percent walk-in."

Jardina sells to chain stores, small mom-

and-pop stores and other wholesalers. "We deliver throughout the whole Southeast, and we run seven trucks. We also contract outside trucks."

The company specializes in fruit, concentrating mostly on apples, grapes, strawberries and all kinds of citrus. "We do almost everything, except we don't sell bananas and we don't do too many tropicals, although mangos are becoming more popular," Jardina says.

To keep up with the growing demand for product, the company more than doubled the size of its Atlanta facility about five



**Lon Langston**  
Georgia National  
Produce, LLC



**Randy Lineberger**  
General Produce,  
Inc.

years ago. "We have more space," he continues, "and that helps us take better control of our inventories."

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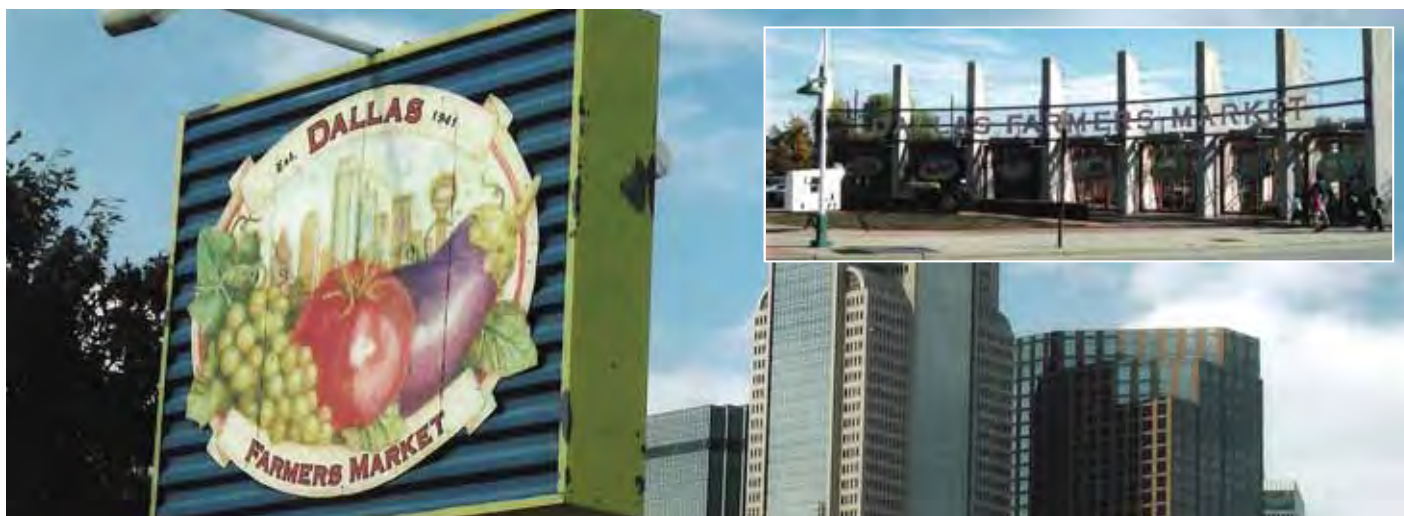
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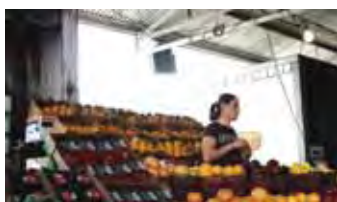
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# The Dallas Wholesale Terminal Market

There's nothing small about this booming produce hub.

By Kimberly Rinker



**A well-known Mecca of culinary developments, Dallas, TX, sits like an oasis within the Lone Star state — 35 miles east of Fort Worth, 245 miles northwest of Houston and 300 miles due north of the Gulf of Mexico.**

Many things in Dallas are fresh, exciting and new — and food is no exception. Rich and diverse in terms of its residents, The Dallas/Fort Worth metroplex sports a thriving culinary scene. The area has a population of 5.9 million, according to 2006 U.S. Census figures.

"One aspect of the Dallas market, which I believe makes it unique, is diversity in the demographic," explains Dallas, TX-based Dave Russell, vice president of Del Monte Fresh Produce, Inc., Coral Gables, FL.

Twenty-five percent of the population is Hispanic/Latino, 13.8 percent African-American and 4.2 percent Asian. As a result of its overall population growth — 18 percent increase from 1990 to 2000 — the Dallas produce market has expanded and continues to be a revolving door of culinary innovations.

"The Dallas/Fort Worth market has a large Hispanic trade and we have seen more produce wholesalers grow and prosper serving this sector of the market," Russell notes. "At the same time, we are experiencing strong demand and growth from the Hispanic consumer. This market is also experiencing an increase in demand for organic items from other consumers across all of our distribution channels."

Brett Combs, president of Combs Produce Co., LP, a Dallas, TX-based retail and foodservice produce distributor, says the population boom and the expanding Hispanic segment account for a strong produce market. "Our rapidly growing Hispanic population — plus our overall population — is growing as well. There is a lot more demand for Hispanic items, such as chili peppers, etc., than in past decades."

One of the fastest growing areas of the country, the Dallas/Ft.

Worth metroplex "appears to be experiencing a very strong economy, which is contributing to considerable growth in both grocery and produce sales to both the foodservice and retail sectors," notes Russell. "More people eat out in Dallas than any other city in the country, which is also contributing to strong foodservice sales and distribution."

The challenges Dallas produce wholesalers face vary; many retailers have shifted procurement from wholesalers to shippers. As a result, many wholesalers now focus on foodservice. Restaurants, hotels and other institutions seek consistent, high quality, large volume supplies of fresh produce — and predicting ingredient costs and market trends can help wholesalers accommodate these customers.

"The Dallas produce market has gone through a number of changes over the past few years, as many of the retail and foodservice customers' procurement practices have changed. This has been exaggerated by either acquisitions and/or outsourcing to third-party vendors," Russell explains.

"In the Dallas/Fort Worth market, you have two major retailers that go to central procurement, which is managed out of town," he continues. "One of the other major retailers in the area utilize VMI [vendor managed inventory] with their vendor partners, while two of the other major retailers have recently decided to outsource their produce distribution to a third-party cooperative."

"In addition to these recent changes over the past year, the government, which was once a major customer for most everyone on the market, has gone from a daily-buy program to a prime-vendor bid," Russell adds. "These recent changes have caused many long-time wholesalers to either go out of business or change their business model to adapt to the changing dynamic and marketplace. I believe the ones that are still in business in this market have been creative and innovative in recognizing the changing dynamic in the

# What's New in Dallas?

BY SANDY LINDBLAD LEE

**Dallas Farmer's Market** — Massive improvements are in progress at the downtown market, which remains a draw to locals and visitors. Janel Leatherman, market administrator, reports, "We are closing in on the final phases of completely redesigning and redoing Shed Two," which was previously called the International Marketplace. System upgrades are being completed in the heating and air conditioning, "and they are completely gutting and fully enclosing" the building to accommodate vendors of "food and food-related products. Plans are that it will open by next summer."

This is the first phase of a comprehensive upgrade. "The next phase will involve remodeling the three remaining open-air sheds," she explains. "This is all a part of a huge resurgence of downtown development, which also involves the addition of a park and an urban market that will include a grocery store, eateries and other retail space."

**Ideal Sales, Inc.** — Ryan Hall and Chris Bailey have joined the sales force, notes partner Sherman LaBarba. "They are being trained in all areas and may be especially useful in our transportation work," he notes.

Ideal also hired Mike Gentry, based in Knoxville, TN, who will be doing eastern sales.

Ideal took a major step when it acquired Harvest Select, Monte Vista, CO, about a year ago. It purchased the remaining half of the Harvest Select assets from Del Monte Fresh Produce, Inc., Coral Gables, FL. Harvest Select is a potato repacking and shipping operation based in Colorado's San Luis Valley growing region.

**Tom Lange Co., Inc.** — Two new associates have joined the Dallas office team. Jordan Lane is training in all facets of buying, selling and transportation. "He may fit well into Lange Logistics," a transportation-focused division of Tom Lange, says Darrell Woven, vice president.

Bruce Benz, a specialist in procurement and distribution of apples, pears, soft fruit and oranges, was with Roundy's Supermarkets, Inc., Milwaukee, WI, for several years. He later joined the Atlanta office of Golman-Hayden, Co, Inc., before being transferred to its Dallas division in 2000.

**Nogales Produce, Inc.** — The distributor has made improvements to its inventory system to "help us maintain better control over shelf life and get the appropriate product to the appropriate customers," reports John Salazar, director of operations.

Nogales is offering an increasingly diverse

list of produce selections for a wide variety of ethnic groups. "Every single month, we try to introduce new products to our customers," notes Monica Trevino, marketing coordinator, citing Chinese and Indian specialty items among those with the highest demand.

**Hardie's Fruit & Vegetable Co., Inc.** — "One of our main initiatives this year is local, sustainable agricultural support," says Dave Allen, vice president of sales. "This has involved not only identifying local growers but also supporting them. It involves more support of organic produce and the farmers who are growing organics. And we're doing promotions in cooperation with the *Go Texan* program."

Hardie's has added Bill Neely to its staff. "Bill is a chef by trade, so he's well-suited for this specialized position," explains Mark Austin, vice president. "Bill is promoting and working with foodservice distributors in these areas, including coordinating special events."

"Food safety is always at the top of our priorities," he emphasizes. "Traceability is also a key. I cannot emphasize enough our attention to detail with every box of product that comes through our facilities."

The company also opened a new distribution facility in San Antonio. **pb**

marketplace and have been able to either reinvent themselves or discover a niche in the market to survive and prosper."

Food safety is also presents challenges, Russell explains. "Today, a strong food-safety program is fundamental to any enterprise involved in the produce business. We are all challenged by our mutual customer — the consumers — to maintain their confidence in the produce supply chain."

Combs agrees, saying, "There's too much liability in the food industry not to adhere to the issue of food safety. For instance, we had the big spinach outbreak in California last season, and in a case like that, it's imperative to protect yourself — the company — with a strong food safety program."

Transportation is another major issue. "All of us are confronted with transportation and

logistics challenges with many looking to alternative transportation options such as rail," Russell notes. "Unfortunately, once the car arrives in the Dallas/Fort Worth area, the current method for transferring cars to other lines, etc., can be a very long and frustrating process. The car takes longer to get from Fort Worth than it does from the West Coast."

Retail consolidation is another issue wholesalers had to face in the past decade. "Obviously, consolidation has changed the 'go to' market strategy for many wholesalers in this market, but I also believe consolidation can provide other opportunities for market wholesalers to bring value depending on the customers' needs and business requirements," according to Russell.

Independent Dallas retailers are also less likely to visit wholesale markets on a daily

basis, Russell adds. "The Dallas/Fort Worth metroplex market is still heavily dominated by the national chains, and it appears to me there are less independents visiting the market today as opposed to in the past. With that said, I do see an opportunity for the independent retailers to find a niche in this market and begin to make a comeback. It is all cyclical and you are seeing the independents begin to expand again in other markets across the country."

"The rapidly growing foodservice business and the growing population is to our advantage," Combs' Combs notes. "The fact that people are eating out more and buying less prepared meals in the grocery stores doesn't hurt either."

"A large portion of the consumers who make up this market tend to consume a lot



Chris Bailey  
Ideal Sales, Inc.



Jordan Lane  
The Tom Lange Co.



Janel Leatherman  
Dallas Farmers Market



Sherman LaBarba  
Ideal Sales, Inc.



Ryan Hall  
Ideal Sales, Inc.

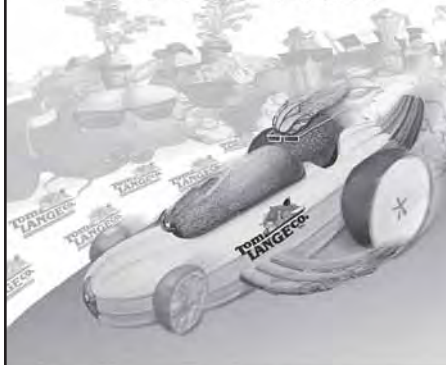


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Monica Trevino and John Salazar  
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Mark Austin, Dave Allen, and Bill Neely  
Hardie's Fruit & Vegetable Co., Inc.



(Standing) Darrell Wolven, Jeff Kraft, Tim Rice, Bill Benz,  
Mike Kidd, Jordan Lane, (seated) Barbara Hodges, The Tom Lange Co.

of produce with changing tastes and preferences," Del Monte's Russell adds. "It is incumbent upon us to understand what is driving these trends and provide goods and services to meet those preferences."

Being successful in the highly competitive Dallas produce industry requires wholesalers to watch the pulse of the market and then implement changes to evolve and grow.

"I'm one of the few wholesalers still left here," Combs notes. "We're doing the best we've ever done, because we were willing to change with the times. For instance, 10 years ago, we were one of the first wholesalers to address the food-safety issues. Competitors who didn't get phased out. And because of that, we've prospered when others have failed. It wasn't that difficult, but we had to get a food-safety plan in place first, and then we had to allow for a third-party audit from different sources. A lot of wholesalers didn't do that and they didn't survive."

## RETAIL SECTOR

The Dallas marketplace is dominated by the chains that hold 96 percent of the market, according to figures provided by *Chain Store Guide's MarketScope*, Tampa, FL, and ACNielsen, New York, NY.

"There's a ton of competition. We don't have any independent retailers anymore. We have all of the major players, from Wal-Mart to Kroger to Albertsons," says Combs. "It's unreal the number of high-end retailers in Dallas and the competition is tremendous. There's no room for the mom-and-pop stores anymore — hasn't been for a long time. The independents are just gone."

"I tell potential growers and shippers

office, otherwise you wouldn't make it here."

## FOODSERVICE SECTOR

Dallas is home to more than 10,000 restaurants — more per capita than New York City. Produce items have come to the forefront of Dallas plates in order to satisfy the city's diverse consumer base.

"Food and wine are the mountains and oceans of the Dallas metroplex," according to Lucian LaBarba, president of American Foodservice, Dallas, TX, which distributes a full line of fresh domestic and imported produce items to restaurants and hotels. "Dallas is all about big steaks, big food and big wine. We have a robust dining and wine community full of people who fully support high-end, great food venues. The basis of everything here is great food."

This diverse, evolving cultural landscape is reflected in the food at Dallas restaurants, including Southwestern Tex-Mex, Asian fusion, Italian and French, to name just a few. "We don't have the Italian or Polish influence that you'd find in a city like Chicago or New York," explains Combs. "We have a lot of Tex-Mex, sushi restaurants and national chains. We have so much more space here, our downtown is extremely spread out and the city area is just huge. We have a lot of room to build and the demand for a lot of restaurants is there and growing."

The Dallas public supports traditional, high-end dining establishments, as well as chains and trendy eateries, adds LaBarba "We have some of the top chefs in the United States, and they're all very progressive and competitive. They compete daily for a public. In Dallas, eating out is a sport. We're very blessed to have a community of people who eat out a lot. White tablecloths, steak houses

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# Business Closings Shock Region

BY SANDY LINDBLAD LEE

**T**hose involved in Dallas-Fort Worth produce distribution are collectively scratching their heads, pondering reasons for the profound changes that have dominated the industry recently.

Three well-known Dallas produce houses went out of business. Roger's Produce, Inc., Market Distributing Co., Inc., and Golman-Hayden Co., Inc., shut down this fall.

Blue Book reports indicate Roger's averaged a total of volume movement of 8,000 truckloads of produce a year. Market Distributing was shown to sell 2,000 truckloads a year. Golman-Hayden distributed 7,000 truckloads a year, according to the Blue Book.

Brett Combs, president of Combs Produce Co., LP, says the closings are unfortunate, but "We're benefiting somewhat

directly by those who have had the problems. We're getting a lot more street business." This includes not only Dallas Farmer's Market vendors but also walk-up business from catering companies and other foodservice distributors.

Darrell Wolven, vice president of Tom Lange Co., Inc., speculates that what happened with each entity happened for different reasons. Retailer Minyard Food Stores, Inc., Coppell, TX, recently experienced a buyout and that may have hurt companies that supplied it, he believes.

"Some of this is tied to Minyard's being served by a new distributor, so companies lost business," Combs notes. The Golman-Hayden closing was probably tied in to the Roger's closing, he adds, "so there was a snowball from Minyard." **pb**

and high-quality restaurants are very much supported in Dallas. We have a lot of restaurants that have been around for a long time with a huge customer base."

LaBarba cites Dean Fearing (Fearing's in the Ritz-Carlton), John Tesar (The Mansion on Turtle Creek) and Stephan Pyles (Stephan Pyles Restaurant) as examples of top Dallas chefs. "We have a great mix of chefs on the national and international level. Fearing, Tesar, and Pyles in particular have reinvented specialized cuisine for their restaurants."

"We have a tremendous amount of young, successful people in Dallas who live to go out to eat," he explains. "And we also have the successful older crowd, who conducts business in conjunction with a fine-dining experience. It's a way of business here. It's a way of life."

Health and nutrition concerns are also important, according to Combs. "People are more health-conscious than ever before and incorporating more produce into their diets. That's reflected in the types of dishes being served in many of the upscale venues.

"What's great about Dallas is that the restaurant community has taken on new restaurants in a positive fashion, without any of the older, established restaurants suffering as a result," LaBarba adds. "The Mercury Grill — the home of Chef Chris Ward — gets a tremendous amount of support and is a place to be seen. He does great business there. The French Room at the Adolphus Hotel uses its vegetables in a way that makes them stand side-by-side with its entrées. The veggies are just as important as the main dish. Chef

Jason Weaver does an excellent job.

"You have to get up every day and meet the demand of this market to be successful," he stresses. "Our chefs want the newest produce and want to be informed on new, fresh products. It's our job to put ideas in front of these chefs. We do this on a weekly basis within our community of chefs, and it works. It's one thing to have the items in stock — it's another thing to sell them. Our customers trust us to provide them with solid information on fresh products that they can in turn present to their customers."

LaBarba cites raspberries as an example. "At a certain time of the year, raspberries are not as good of a value as they are at other times of the year," he explains. "It's our job to guide our customers — in this case the chefs — in those directions. We do this based on quality and value of the product. Everybody wants value, from the high-end chefs to the chain chefs, so they can pass that value onto their customers.

"Our responsibility to our customers is to consistently stimulate them with fresh ideas," he adds. "We're lucky because we deal with great people. Our motto is 'We never sell anything — we help our customers and assist them in their success.' Because of the competitive nature of the restaurants, having fresh produce is key — it's the king for success. It's one of the most important aspects of the restaurant business in Dallas. Let's face it — the produce completes the plate. What we try to do is to bring the produce to the front of chefs' minds by giving them a lot more options and choices of product." **pb**

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Reader Service # 29



# Florida's Pompano Beach Market Stays Vibrant

Produce from Florida and points south makes this location an ideal consolidation stop.

By Duane Craig



**As one of 13 Florida state farmers' markets, Pompano Beach occupies a unique geographic spot, capitalizing on its proximity to major ports and some of Florida's top producing agricultural land.**

Clustered on a 1,000 foot-long concrete platform, the market's 132 stalls and associated cold storage move more than \$72 million in Florida produce yearly. That translates to almost 6 million units of fruits and vegetables, notes Al Castro, senior market manager for the Tallahassee, FL-based Florida Department of Agriculture and Consumer Services' Pompano State Farmers' Market. That makes it one of the top three Florida farmers' markets.

Here, buyers can get just about anything they want, notes Chip Jetter, director of marketing for Garden Fresh Distribution Service, Inc., Pompano Beach, FL. And if it's not right at the market, Garden Fresh can get it within five miles.

"The location is the most unique thing," advises Jetter, whose company has been at the market for 15 years and specializes in importing mangos and papayas. Garden Fresh also distributes domestic and offshore watermelons, cantaloupes and honeydew. "As Florida has been engulfed by an expanding real estate market, there aren't many places where product consolidation can be done easily. We have proximity to all the major ports on Florida's East Coast from Miami to Port Everglades and even up to West Palm Beach. None are much more than an hour away. Then you also have the growers on Florida's East Coast."

It's really the only place with easy access to the ports for the import business while at the same time being easily accessible to local growers who enjoy exceptionally favorable growing conditions in the area, Jetter adds. This means there is a stunning variety of produce available at any time of the year.

"It's a big enough space with a wide sampling of product to be able to combine a variety of commodities for a single load," Jetter continues. "Show me someplace else in Florida where you can get that done. It's a good base of operations. A lot of people have been

working here a long time, and they have a pretty good idea of what they're doing."

## A WHOLESALE MARKET BY ANY OTHER NAME

Unlike what many consider farmers' markets, this Floridian gathering place for fresh produce is wholesale-product-driven and is still thriving after years of operations.

"A lot of people think this market is dead and dying," explains Ed Myrick, owner of Edward L. Myrick Produce, Pompano Beach, FL. "But all the stalls in the market are rented. As fuel prices increase, trucks can't go around and make all the pickups as they've done in the past, so I think our business will get stronger." He points to the market's close proximity to major traffic arteries and Port Everglades as evidence of its strategic importance. Myrick, who has operated at the market since 1974, brings in truckloads of produce each day from neighboring areas and Nogales, AZ. Additionally, the company currently has cooler space for 70 or more loads at a time.

"Pompano's Farmers' Market is one of the largest produce consolidation and shipping points for fruits and vegetables in the southern United States," adds Mauro Suazo, president of Suazo Agrotrading, Pompano Beach FL, which provides liaison service to the produce industry by introducing international growers to buyers in the United States and Europe. "It mixes supplies of domestic as well as imported produce since Florida is the gateway to the Americas, including Latin America and the Caribbean.

"The main players are medium to small brokers, importers and buyers," Suazo continues. "There are about 100 brokers operating in the market in any given year. Some of them are vertically integrated companies, such as grower/packer/shippers, while others are simply produce buyers for northern retailers. The oldest companies



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I can recall operating at this market are Ben-Bud Growers, Central American Produce, Fresh Quest, L & M Companies, Ed Myrick [Produce], Pexco Produce Sales, The Sol Group [Marketing Company], Southern Specialties, Sun City Produce and many more."

"The season for local produce starts around the middle of November and runs through the middle of June," Castro says, "but this market is open 365 days a year. Retailers can find everything they want from partial loads to big loads. Someone paying high gas prices who would like to go to one place can find everything here." When local produce is in season, he adds, the freshness is unrivaled since product arrives in the morning and is out by the afternoon.

## FROM THEN TO NOW

The market has undergone many changes over the years, including its unofficial growth outward from the original platform along with corresponding growth in the variety of commodities available.

"The Pompano Farmers' Market was where local Florida farmers consolidated their products," says Lou Kertesz, vice president of Fresh Quest, Inc., Pompano Beach, FL. "Since then, volumes have increased and everyone built their own sheds. It's still being utilized mainly by growers for consoli-

dating, but the dock is not large enough and doesn't have enough cooler space for companies like ours to be actually in the market itself. So for us it's like a hub."

For Southern Specialties, Inc., Pompano Beach, FL, proximity to the market creates opportunities. "We're located less than a mile from the market," says Charlie Eagle, vice president of business development, "and we have a facility where we warehouse, process and distribute product to be shipped throughout the country. Although we're not at the market, it creates synergies for us, and it's served as a good opportunity for logistics." Based in Pompano Beach since 1991, Southern Specialties is a grower, importer and shipper of a variety of specialty items.

"Although a lot of Florida produce is sold through this market, a lot of other produce is also sold in and around the market," notes Garden Fresh's Jetter.

During the winter season, Jetter expects to bring in 150,000 cases of pole-grown cucumbers from Garden Fresh's new growing operation in Honduras. The company is partnering with Jimmy Delk Produce Sales, Inc., Pompano Beach, FL, to provide cucumbers year-around; Florida cucumbers will be available through the end of December; the Honduran program will kick in and carry them into April. Garden Fresh is actively

seeking retailers looking for such a program.

## TRANSACTIONAL SHIFTS

Industry experts say another notable change is the semi-shift from walk-in customer traffic to electronic traffic.

"Most of the transactions are done now via phone and/or Internet, but it's not rare to see buyers walking in the coolers where produce is stored before buying a particular lot of produce," notes Suazo's Suazo.

"We have local customers but that's a minor part of our business," says Eagle. "Our customer base includes local retailers, food-service distributors, wholesalers and retail chains. We actually ship out of here as far as Canada and to the middle of the country."

"Most of our business is out-of-state," Myrick's Myrick points out. "There's very little walk-in business. We serve a mix of independents and chains, and we have a customer base of about 250. We're in the growing business, too," growing green beans, peppers, cucumbers and squash in Georgia.

Kertesz says Fresh Quest still gets some walk-in traffic from independent stores and flea market vendors. Overall, he says, 65 percent of his customers are an equal mix of foodservice and retail, with processors making up 10 percent and the rest being wholesalers, consolidators and distributors. **pb**



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# Peanuts — As American As Baseball

*Retailers utilize attractive displays and cross-merchandising techniques to build sales for this expanding category.*

BY BOB JOHNSON

**A**fter enduring a brief slump in the 1980s, peanuts are making a solid comeback. Americans are consuming more than two billion pounds each year, according to the 2004 findings from the U.S. Department of Agriculture's (USDA) Economic Research Service (ERS). But other than for peanut butter, nearly no one goes to the supermarket looking to buy peanut products. This means many supermarket customers are open to persuasion when it comes to peanuts.

"Peanuts are an impulse item," notes Terry Williams, national sales manager for Sachs Peanuts and Reese Design Services LLC. A division of E.J. Cox Company, Clarkton, NC, Sachs Peanuts produces roasted, salted and raw in-shell peanuts under its own brand and private labels.

Experts agree location is the single most important factor driving peanut sales.

"When peanuts are visible they sell, whether you are a large or small store," Williams says. "The area where peanuts are displayed is a key. An end cap in the produce section is good because people think of peanuts as fresh food."

Positioning displays in a visible spot in the produce department is important, echoes Pete Jessup, director of retail sales



Large displays of peanuts in prominent produce department locations encourage consumer impulse purchases.



for Hampton Farms, Severn, NC. Hampton Farms roasts in-shell peanuts at its facilities in North Carolina, Massachusetts and New Mexico. "The produce department

is where we've always gravitated," he explains. Most retailers include a peanut display in the snack nut and bulk nut sections.

"The key is always in the display," relates Tom Murray, vice president for produce and floral at Roche Brothers Supermarkets, Inc., based in Wellesley, MA. "Every product does better with an impactful, large display. Good

signage should be visible and offer a good price point, too."

## CROSS-MERCHANDISING

Retailers should also use displays to cross-promote peanuts with other products during special events, such as the Super Bowl. "Secondary displays drive sales for us during special events," notes Jessup. These displays can be in the soft drink aisle, the beer aisle or with other products, such as candy or dried fruit that are commonly eaten with peanuts.

Williams agrees there are good cross-promotion possibilities with peanuts and either beer or soda. He believes good signage and point-of-purchase materials can also help drive impulse peanut purchases.

Retailers seeking display ideas can look

to the winners of an annual peanut display contest, such as the one organized by Virginia-Carolina Peanut Promotions, Nashville, NC. "We have a display contest for end space every year in January, and we've had quite a bit of success with that," explains Betsy Owens, executive director. The contest is open to retailers nationwide. Winning contestants can earn a \$1,000, \$500 or \$250 prize. Up to 30 honorable mention winners

**Although peanuts are a year-round commodity, they tend to be pushed more in the winter and fall — close to major seasonal events, such as the Super Bowl.**

are awarded \$100 for their efforts. Everyone who enters receives a free T-shirt, Owens explains. Virginia Carolina Peanut Promotions has posters and brochures available for retailers to help promote peanuts.

Retailers should create displays that make their customers think about peanuts. Examples include displays with themes, such as a train and wagon, featuring a dis-



Photo courtesy of Virginia-Carolina Peanut Promotions

## Loose Or Packaged?

**A**lthough peanuts can be displayed and sold either loose or packaged, there's no right or wrong answer to which technique is more effective. The answer depends on what customers want and expect.

"The mix of loose or packaged nuts would depend on your store, and on your clientele," explains Betsy Owens, executive director of Virginia Carolina Peanut Promotions, Nashville, NC.

The best-selling mix of bulk and packaged peanuts varies with retailers and the customers they serve, agrees Pete Jessup, director of retail sales for Hampton Farms, Severn, NC. "We love it when they do both," he says.

More retailers are moving toward packaged peanuts, and for some pretty good reasons, Terry Williams, national sales manager for Sachs Peanuts, a divi-

sion of E.J. Cox Company, Clarkton, NC, states. Health concerns about allergens are encouraging wider use of packaged peanuts, and the packaged products offer greater convenience.

The package itself has to be able to drive sales. "Packaging is probably your biggest key to retail sales," according to Mary Shanks, vice president of operations for Mount Franklin Foods LLC, El Paso, TX.

Regardless of how peanuts are displayed or packaged, retailers need to be sure the quality of the product is top-notch. The taste, texture and color have to be right or the customer will not come back to the product.

"The quality of the product is our key to sales," explains Shanks. "If consumers buy it for the first time and don't like the quality, they won't buy it again." **pb**

play bin in the shape of a wagon, which gets shorter as the peanuts sell out. Multi-displays scattered throughout the store offer great opportunities for cross-merchandising and consistent reminders to buy peanuts.

Another idea that gets consumers thinking about peanuts is creating sports-theme displays or displays that feature cartoons or circus themes. This will increase the chances of buying peanuts. One of the main reasons why people don't buy peanuts is because they didn't think to buy them, Owens explains.

### 'TIS ALWAYS THE SEASON

Although peanuts are a year-round commodity, they tend to be pushed more in the winter and fall — close to major seasonal events, such as the Super Bowl.

"People think about peanuts during the fall and the winter holidays," Owens says. "We're trying to get consumers thinking about peanuts beyond this time-frame. The Super Bowl in January is another reason people buy peanuts."

Although Williams says the Super Bowl is the undisputed

champion of peanut consumption events, there are other sporting events that can also drive peanut sales, including the Major League Baseball (MLB) World Series, college football bowl games, the Masters Golf Tournament and MLB spring training.

"We try to time it to the sports," explains Murray, who adds that after the winter holiday season, the next best time to promote peanuts is baseball season. "The peak peanut sales here come during spring training in March, and again during the baseball playoffs in October. The success of the team helps peanut sales quite a bit, too. It certainly extends the season."

Hampton Farms has worked hard to associate its peanuts with spring training and the ensuing baseball season. "We've got a great baseball connection," Jessup states. "We tie into baseball very well." The company has had a licensing agreement with MLB for almost 10 years. Under the agreement, the firm produces bags of peanuts with the logos of all 31 major league teams in the United States. "There are team bags that do well, especially when the team does well."

Roche Bros. sells peanuts with the Boston Red Sox label in its New England supermarkets, and he testifies that these packages do very well when the team does well. Needless to say, the Red Sox winning the World Series this past October spurred higher than normal sales.

Along the same lines as spring's start to baseball season, Williams suggests retailers try promoting peanuts as an important item for consumer's picnics. **pb**



### FPFC Expo Set

The Fresh Produce and Floral Council, La Mirada, CA, announces the Second Annual Northern California Expo. The March 5, 2008, event will be held at the Alameda County Fairgrounds in Pleasanton, CA.

Reader Service No. 315

### EASTERN FACILITY OPENED

The Sun Valley Group, Inc., Arcata, CA, recently opened a floral distribution facility in Cranbury, NJ. As one of the largest growers/distributors of cut flowers in the United States, the company historically has transported flowers to the East Coast via un-refrigerated airlines, FedEx and trucks. With emphasis on cold-chain management, floral shipments are now trucked directly from the West Coast to the new distribution center.



Reader Service No. 316

### FLORVERDE CERTIFICATION RECEIVED

Dole Food Company, Westlake Village, CA, announces that Dole Fresh Flowers has received the Florverde Certification at its farm operations in Colombia, South America. Florverde-certified operations grow their flowers in compliance with environmental, social, labor and occupational health and safety standards, and comply with all compulsory standards and codes of conduct, including operational and social guidelines.



Reader Service No. 317

### ANNIVERSARY CELEBRATED

Dos Gringos, Vista, CA, is celebrating its 20th anniversary. Six employees operated the company when it started in Carlsbad, CA, in 1988. Today there are 120 team members. The contract grower, assembler of handmade bouquets and shipper of fresh-cut flowers, foliage and botanicals will celebrate the anniversary throughout the year.



Reader Service No. 318

## NEW PRODUCTS



### GREEN THUMB GIFT

Lucie Sable Imports, Ltd., Skokie, IL, offers a plastic-lined garden tote with working tools and a sprayer. A thoughtful gardener's gift, the tote can accept a 4- or 6-inch plant from the floral department. The minimum order is 10 sets; there are 20 sets to a case. The garden totes can be shipped UPS.

Reader Service No. 319

### VALENTINE'S COLLECTION OFFERED

Mayflower Farms, Miami, FL, offers the Rose Sonata bouquet, part of a 6-item Valentine's Rose Bouquet Collection. Rose Sonata (pictured) features six roses, six spray roses and fillers. Rose Medley features 12 roses and alstroemerias. The other Valentine's bouquets are offered with one, three, six or 12 roses. All have fillers such as gypsophila, eucalyptus and leather leaf.



Reader Service No. 320

### GRAB-AND-GO GIFTS

Candy Blossoms, Comstock Park, MI, offers customization services with its gift line of edible arrangements. From licensed collegiate items to special occasion bags, the gift bouquets feature brand-name chocolates and candy. Sugar-free candy is available in custom programs. Candy Blossoms are designed as convenient grab-and-go gifts to complement floral department sales.



Reader Service No. 321



### TOUGHER THAN STAINLESS STEEL

Acme United Corporation, Fairfield, CT, offers 8-inch, titanium snips ideal for cutting floral stems and greenery. The long-lasting Claus Ti Snips feature patented titanium bonded technology allowing the blades to stay sharper longer. The snips are available in peggable retail packaging.

Reader Service No. 322

Floral Watch is a regular feature of Produce Business. Please send information on new products, personnel changes, industry, corporate and personal milestones and available literature, along with a color photo, slide or transparency to: Managing Editor, Produce Business, P.O. Box 810425, Boca Raton, FL 33481-0425, or e-mail us at [ProduceBusiness@phoenixmedianet.com](mailto:ProduceBusiness@phoenixmedianet.com)

# Baskets And Pots Can Increase Floral Department Sales

*Up-selling floral baskets and pots is an easy way to boost profits.*

BY MAURCIA DELEAN HOUCK

Since few customers have either the time or the inclination to run from one supermarket to another to buy everything they need, retailers have to find creative ways to offer consumers a one-stop shopping experience. Today's smart retailer understands the importance of offering a variety of low, middle and upscale products in every part of the store, including the floral department.

No longer just a place to grab a fresh bouquet for a forgotten anniversary or a quick hostess gift on the way to a dinner party, the supermarket floral department has changed tremendously over the years, now offering many of the same benefits and products as an upscale retail florist.

"The floral departments of many supermarkets today offer very high class service," explains Gary Harris, creative director for Willow Specialties, based in Batavia, NY. "It's not uncommon for a supermarket to hire trained floral designers for their departments in order to give their customers the same full range of service as a specialty shop."

Marie Campbell, division vice president of Potter Inc., based in Bryan, OH, has seen the sale of fashionable pots and baskets increase considerably in the last few years. "We are seeing our customers looking for more trendy items these days, like tote bags that can be reused at the beach or in the bathroom after the flowers or plant they purchased is gone. People will pay handsomely for more trendy items making it very important for retailers to consider what's going to be hot in the next six, 12 or even 18 months."

Retailers that don't offer specialty design assistance can benefit from offering a wide variety of plants and containers to help their



**Decorative baskets and pots are a must for custom-designed items and offer a substantial add-on ring for generic floral bouquets and plants.**

customers "do it themselves." Baskets and pots are a wonderful way to up-sell the plants already being carried, which increases consumer interest, sales and ultimately department profits, notes Steve Rose, marketing director for Burton + Burton, headquartered in Bogart, GA. "Customers always like cute, decorative pots over the generic green plastic containers the plants arrive in from the growers," he says, adding that they are often willing to pay handsomely for just the right one. "The benefit to the supermarket is any employee can drop the plant into the container and voila! It's done."

Harris agrees, encouraging retailers to

display as large a variety of upscale pots and baskets as possible. "The more you offer, the bigger sales you can get!"

"We routinely recommend that retailers upgrade at least 50 percent of their potted plants and get the customers accustomed to buying the upgraded plants. Show your customers what to do with the baskets and containers," and you'll see your department profits rise considerably, he adds. "Once they see the difference, they will buy the upgrade. Nice, large woven baskets are a good option since they can be made into wonderful gift baskets right in the produce department. Load a basket with fresh fruit, a

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## Simple Ways To Up-Sell Generic Plants

**W**hile the trend toward super-market floral sales is to increase department space in order to offer more variety in both plant offerings and container options, many small-scale retailers must find other ways to up-sell generic plants and garner higher prices.

According to Madelaine Brown, president of Lucie Sable Imports, Skokie, IL, one easy way to command higher prices is to match pots with the season. "Put plants in a turkey planter at Thanksgiving, a sleigh-shaped planter at Christmas or a snowflake planter during the winter months." It's a quick, simple way to make a small plant look more festive and expensive.

Gary Harris, creative director for Willow Specialties, Batavia, NY, suggests adding decorative or seasonal pot sticks, ribbons and color to a pot or basket, along with a nice plant. "Blend seasonal or holiday items with your everyday plants to offer specific seasonal merchandise," he says. Customers are willing to pay more for an item they perceive as seasonal or special occasion, even

though it may have taken minimal time, effort or cost on the retailer's end.

Taking this idea a step further, Burton + Burton, Bogart, GA, recently introduced Blingers, a trademarked line of attachable products that add interest and extra color to containers. "These are butterflies, hearts, shells or other materials that attach to the container via magnet, clip or tie. The cost to add a magnetic butterfly Blinger to a metal container is minimal, but the perceived increase in value to the customer allows for premium pricing," he explains.

Another way to up-sell plants is to move them beyond the floral department. "Many supermarkets are now putting smaller displays of specialty items throughout the store, especially at the end of checkout lanes," notes Harris. "It makes it easy for consumers to grab and go."

The trick to up-selling common houseplants and commanding premium prices is to be creative, he insists. "The more creative you can be in showcasing your floral offerings, the bigger sales — and profits — you can make." **pb**



Extremely popular right now, multi-use items are an easy way for retailers to up-sell their floral offerings, according to David Gorbelańczyk, president of Potter. "We are seeing a trend in making the container a gift in itself," he explains. "Baskets are usually an impulse buy and will have a better chance of selling if they are nice enough to leave on the kitchen table and use over and over again."

When displaying pots and baskets for the floral department, retailers should expand their thinking, according to Rose, because "Home décor items are extremely popular right now." While many customers buy floral baskets and pots for existing houseplants to keep their home décor updated, others are "using them in other ways throughout the house. With all the attention lately from TV home and remodeling shows featuring segments on home organization, we are seeing many customers purchase our containers for use as creative storage options. Colorful and bright pots make a great place to store toys and other smaller items in children's spaces. Oblong, metallic planters in multiple bright colors make fun storage options for laundry rooms and garages. Some of the higher-end planters are nice enough to be used as stand-alone decorative pieces. They almost become pieces of art. An empty vase on a fireplace mantle can be just as interesting as one with flowers in it."

Taking time to think about popular decorating trends and the non-traditional uses for baskets and pots throughout consumers' homes can help retailers increase both sales and profits. **pb**

decorative mug and chocolates, and you've got a profitable product."

According to Madelaine Brown, president of Lucie Sable Imports, based in Skokie, IL, more people are decorating their homes with plants, making carrying decorative planters an essential part of a supermarket's floral department marketing and promotional campaign.

Willow's Harris believes the variety in materials used for containers is making it easier for retailers to up-sell their floral offerings. "Right now, ceramic pots, metal containers and even wooden crates are being used to make small generic plants look more impressive and more expensive."

"Upgraded plants and pots have a higher perceived value," adds Burton's Rose, making it even more important for retailers to tap into this lucrative market.

He suggests retailers carry double pots, oblong and even square containers. "Traditional round pots are always great sellers, but we are seeing more demand for these

unique containers."

People want variety and they want color, notes Brown. "Group color palettes together, show customers how to use plants together in baskets and pots, and offer planters to match the season," she advises. If you do this, you're bound to increase sales.

"People today are looking for a broader range of options both in the plants they choose and the pots and baskets they want to put them in," adds Harris.

### ADD VALUE WITH DÉCOR PIECES

It's to the retailer's advantage to try and up-sell product to the consumer, suggests Potter's Campbell. "Once customers hit that \$34 mark, they are looking for something a little nicer, a little more sophisticated and basically want more after-market use."

Harris agrees, encouraging retailers to stock a wide variety of handled carriers, ceramics pots, quality baskets and more to meet customers' needs and demands.



# Reputation Speaks Volumes

**M**emories of my early visits to Wegmans in Rochester, NY, during World War II are at best incomplete. Mostly, they are formed from the opinions of others, who viewed Wegmans as an overall great place for food shopping with high-quality perishables and service.

Years later, whenever I would visit, I always made it a practice to find time for a Wegmans store tour to observe what was new and exciting. I was working in Maine for Hannaford Bros. Co. and the merchandising team often chartered a plane for a flight to Rochester or another western New York location. We did this to view the ongoing implementation of Robert Wegman's philosophy of merchandising "to do something that no one else is doing and be able to offer the customer a choice she doesn't have at the moment."

As Wegmans expanded its hot food offerings, lunch in the store became a great opportunity to observe not only food preparation and quality but also customer shopping patterns. Of course, analyzing its successful produce operations always produced ideas for improving consumer interest.

I am now living in the metro area of Savannah, GA, where I find food-retailing operations are an important point of differentiation, even among retirees. And while my zip code shows an average income level in the top 5 percent of the nation, food shopping preferences are surprisingly varied among the residents. The choice is substantial, including Publix, Kroger, Food Lion, Wal-Mart and Sam's, plus numerous smaller operators. Most shop several stores depending on their specific requirements. Publix is most frequently mentioned, but Sam's is often visited for specific individual items, providing significant savings. Although the occasional person shops at Wal-Mart — only a stone's throw from Sam's — few view it for other than non-food values and occasional dry grocery packaged value.

When the then unknown Fresh Market opened two years ago with its upscale offerings primarily devoted to perishables, the news media provided adequate coverage just as it had when Wal-Mart and Sam's separately relocated from former locations. In each instance, the information provided dealt with the features of the respective units without mention of competitors.

Although word of Fresh Market's image quickly spread, those comments were frequently followed by comments from those who had lived in the Northeast about how they still remembered Wegmans reputation not only for its superior offerings but also for the contributions the company makes to assisting employee education and communities where it operates. These attributes

earned it repeated *Fortune* magazine designations in the top 100 companies to work for.

These choices are underscored in the late 2006 issue of *Consumer Reports* in which readers gave significantly higher overall ratings to Publix and Wegmans for their perishables, service and cleanliness — reputations far surpassing Sam's and Wal-Mart, which have reputations for superior achievement in the pricing category.

Regardless, reputations are developed in regard to each shopper's needs related to his or her personal socioeconomic situation. Looking at the economic levels in any geographic area should make it easy to understand why every retailer has the potential to be successful as long as its strengths are continually enhanced to keep pace with its reputation.

For decades, Wegmans has served as the dominant retailer in the Rochester metro area, but this certainly has not prevented Wal-Mart from operating five stores in Monroe County and 10 stores within 40 miles of Wegmans' headquarters. Obviously, the demographics provide opportunity for both to fulfill their respective reputations.

Likewise, as Wegmans has expanded from its original upstate New York base, its operations and reputation have continued, creating an avid following among consumers living in far distant areas.

With this in mind, it is not surprising Wegmans would choose to open a store close to one Wal-Mart and surrounded by 18 of its

competitors within a radius of 40 miles. Once again, a local newspaper aware of its reputation used superlatives to describe various offerings previously encountered by residents driving an hour or more to existing Wegmans locations.

Obviously, the newspaper's advertising recognized the Wal-Mart low-price image as price comparisons focused on only the two largest volume conventional supermarket operators in the area. The demographics for the store's zip code, however, indicate an income level in the Top 20 percent of the United States — ideal for a merchant excelling with a reputation for service and quality.

New Tesco stores, certain to generate a lot of descriptive accounts in the respective local press, are starting to operate in the western United States. In time, Tesco will create its own reputation among consumers. Concurrently, Wal-Mart, Wegmans and all of the other food retailers will depend on their own programs to create reputations far superior to any media reporting.

Perhaps the late Bob Wegman said it best: "Never think of yourself. Always care about others." That's a reputation continuing to speak.

**pb**

**Reputations are developed in regard to each shopper's needs related to his or her personal socioeconomic situation.**



# Imagine... A World With No Trade Associations

**W**hen I wrote this, just a few hours before the winter solstice, it was cold and dark outside. While some folks celebrated the beginning of winter, my family prepared to commemorate not the darkest night but the appearance of the brightest star.

Recently, the Nogales produce family held a banquet to honor and thank one of its bright stars, Lee Frankel. Twelve years ago, Lee was a 20-something with an advanced degree from Stanford University and a few years inside the Beltway's foreign trade bureaucracy. The North American Free Trade Agreement was new and not everyone was happy. The West Mexico Vegetable Distributors Association — renamed the Fresh Produce Association of the Americas (FPAA) — predicted trouble on the horizon. Domestic industries talking trash about foreign competitors wasn't new, but the volume and intensity were growing. An association manager with a different skill set was needed. And an Arizona boy with that skill set was ready to come home.

Although soft-spoken, Lee's extended remarks at the recent banquet acknowledged the many Nogales industry members who impacted his life.

Lee thanked those who helped him, personally and professionally, along the way — the person who gave him a place to live until he got established, the one who introduced him to competitive cycling. He recognized Nogales staff and members for their help. Lee also thanked companies for their generous contributions, which allow the association to exist. He even thanked one person for setting him up with the woman who became his wife.

Lee thanked his mentors. As head of an association, Lee had dozens of bosses and many constituencies. He named mentors who took him aside early in his tenure and coached him on handling specific constituencies or approaching government agencies.

Lee also thanked the diplomats. Sometimes trade association executives are not the best ones to deliver messages, promote agendas, forge alliances, propose ideas or demand actions. Whether it was the public, trade, press or government, Lee recognized the best representative might have been a staff member, a particularly passionate or connected member of the association or even a third party.

He thanked the warriors, too. Many involved in foreign trade know it is politically unpopular. The very legislative and regulatory framework under which we operate often comes under attack. Sometimes it's a well-intentioned regulatory body; other times, it's a domestic industry using political pressure to squeeze a competitor. The diplomats exhaust their options and warriors are called in. Lee

thanked the warriors who put their time, talent and treasure at the service of the industry to combat unfair trade sanctions, such as dumping cases, suspension agreements or exaggerated regulatory responses disproportionate to the problems they addressed.

The conversation turned — as it often does when associations gather — to who is a member, who is not and why? I don't get it. I don't understand why people don't support their trade associations.

I grew up in a fully engaged family. We were active in supporting political candidates and causes, the church, community groups, industry associations and charities. I thought everyone supported causes, volunteered time, donated money, personally knew their elected officials and voted on Election Day.

I knew some folks were more engaged, others less. I also knew there were people who were not involved at all. But what I really don't get are those who proudly freeload off the work of others and hold the whole association concept in contempt.

In May 2007, Nogales had a problem with its inspection service. Arizona's Shipping Point Inspection (SPI) program became overwhelmed and unable to inspect grapes in a timely manner as required by law. It was a disaster in the making. Something had to be done. Trucks were waiting and sales were being lost. One importer was so stressed he ended up in the emergency room. Members and non-members called the FPAA, demanding action. So what happened? Lee and a few helpers and diplomats worked

some magic. Within a few days, emergency measures were in place. The solution was not optimal, but it was workable.

What happened of the non-members who demanded action? Did they offer to join the association? Did they offer to sponsor an association event? Did they send flowers and candy? Their response was, "No, we will not join. We're a big company and do things on our own," or, "We're a small company and can't afford the expense. The association is not worth the money." These slackers make me puke.

This was one recent event. Lee's acknowledgements during the banquet reminded me of just how many situations we have had to deal with during his 12-year tenure. When I imagine a world with no trade associations, I picture a frightening world.

As you read this, spring will be approaching. The dark night of the winter solstice will be long gone, but some in our industry will still be in the dark. During a 10-week period this spring, I plan to attend eight trade association events. I will proudly be with the helpers, the mentors, the diplomats and the warriors — the empowering people who make our industry better. So please, non-members, come out of the darkness and join us.

**pb**

**What I really don't get are those who proudly freeload off the work of others and hold the whole association concept in contempt.**

*John Pandol is in charge of special projects and Mexican sourcing for Pandol Brothers Co., Delano, CA.*

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Reader Service # 58



# Q&A With Laurence Swan

**Q: What is Fyffes' scope and position in the marketplace?**

A: Fyffes is one of the largest tropical produce importers and distributors in Europe. With a turnover of €500m and an infrastructure that reaches across the globe, Fyffes is truly a global player in what is a relatively fragmented industry.

**Q: How did you get involved in the Food Dudes program? [Food Dudes was developed by psychologists who researched whether children will change their minds when continuously exposed to produce items they think they don't like. The program focuses on sweet fruits and vegetables such as celery, carrots and green beans.]**

A: About four years ago, at a conference, Professor Fergus Lowe made a presentation on Food Dudes and I had never seen anything like it before. We're all used to selling produce with advertising, promotions and giveaways — typical short-lived methods that don't do anything to change eating habits.

Having spent a lifetime in the industry, when I heard Fergus expound, I knew this program was uniquely different and might really work for the long term. The world won't go anywhere in combating the obesity epidemic unless we address the lack of fruits and vegetables in people's diets. We have to tackle this issue at the preventive end rather than the reactive end when the crisis is out of control. I made contact with Fergus and said I'd like to do the program in Ireland, and was fairly persistent to conduct a trial program at two primary schools in Dundalk.

**Q: How did you proceed?**

A: We had to bring the staff of those schools on board, so I took the head mistresses of both schools to meet with Fergus Lowe at the University of Wales to discuss what was involved in running the program. We had to have fruits and vegetables available and in a means the kids could eat, and rewards for tasting and later for eating small amounts of 50 to 80 grams. The third element was the short sequence videos and the tune that goes with them. As we get older, it's more difficult to understand kids' thinking and what they enjoy, but they absolutely love that tune. The kids pick it up and sing it on the playground.

For the pilot to have any relevance, it was critical to evaluate and measure the program's effectiveness. We wanted to establish a baseline to properly judge what happened later on. For about three to four weeks, we examined the lunch-box culture and what the children were bringing to school. We are talking about good families, middle class, relatively well off, but the nutritious content was apparently lacking. In general, it is shocking to see what many parents give their children to take to school. For example, a bottle of water and potato chips in small supply wouldn't sustain the child.

During the 16-day intervention stage, I used my staff at Fyffes to

establish what would happen. It sounds silly, but it involved monitoring over 100 pupils' eating habits to see if the child actually ate the small apple, evidenced by throwing away the core. At the beginning, a few children declared they don't eat produce because it's not cool. Fergus got involved in the program because his kids were asking their mother to hide the lettuce in their sandwiches because in school they were being called rabbits. The more resistant kids said they absolutely wouldn't try a certain vegetable under any circumstances. By the second week of the program, parents of children like this were expressing their gratitude, saying, "My son is lending a hand in the produce department."

We then waited six months and went back to the schools to evaluate and to see if the kids slipped back into their old habits. And, indeed, we found tremendous increases in fruit and vegetable consumption. This has proven to be the case even two years later.

In the scheme of the program, it goes far beyond the 16-day intervention. Other materials are sent home to parents, who then check off how many fruits and vegetables the children are taking to school and eating at home. The kids receive letters from the Food Dudes, personally congratulating little Jenny for her accomplishments. Everyone gets caught up in the whole business.

Half way through the pilot, the government, by way of the department of agriculture, decided to extend the program to two much larger schools in Dublin and results were very comparable in both tests — tremendous increases in consumption and equally good experiences in changing diets in underprivileged areas. In fact, the most effective results were with the most deprived children, which is just wonderful.

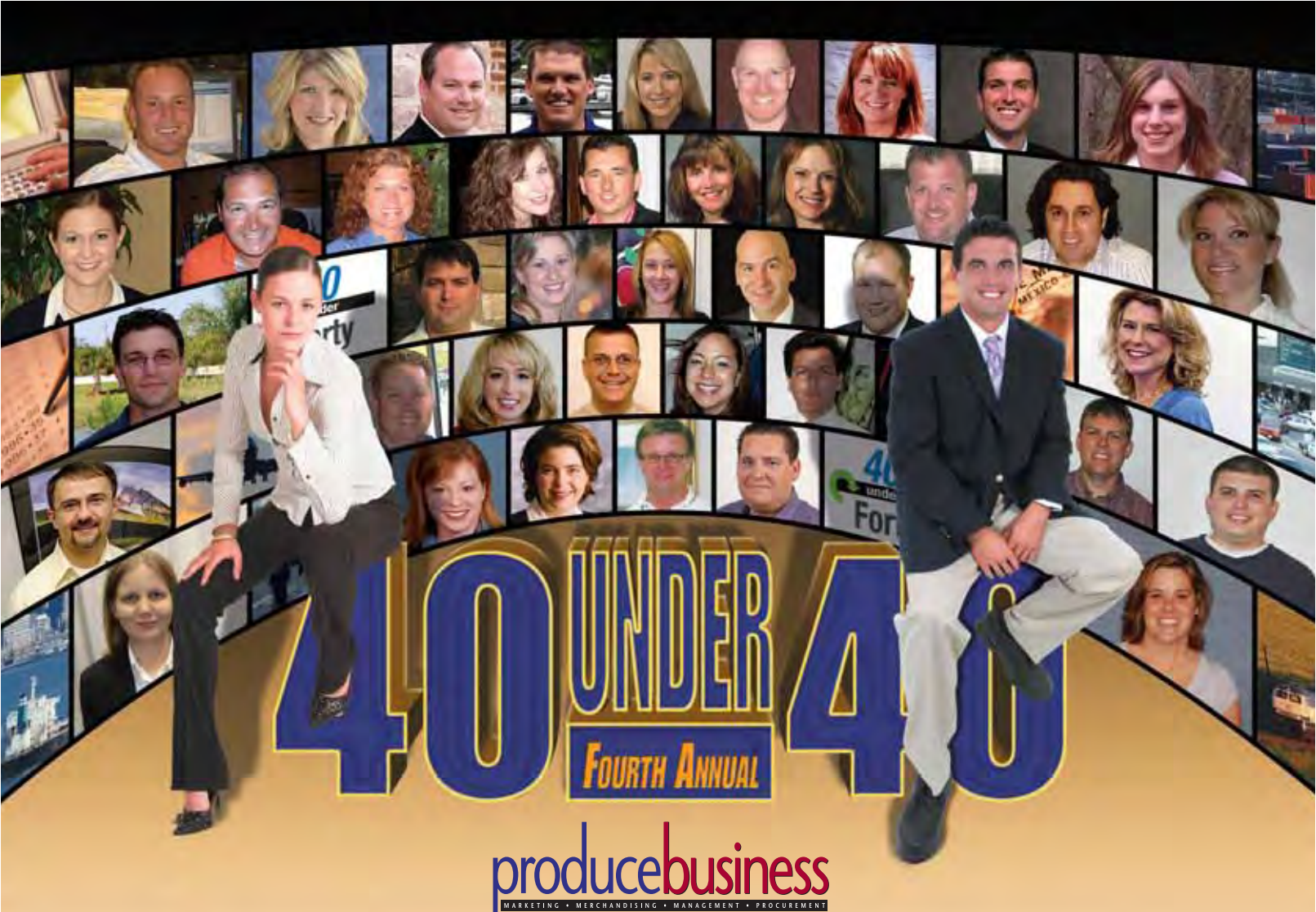
**Q: Why are you opposed to branded produce within the Food Dudes program?**

A: For ethical and moral reasons, we are dealing with children and not trying to indoctrinate them with a brand. We are looking to change eating behaviors in terms of health.

At a time when we're trying to change habits and get this program adopted, brands are not the idea. When government saw results co-funded by industry, it decided to institute a national roll-out. Later on, when we get consumption up, maybe there will be a place for brands.

We know you can influence children's eating approach at the primary level, but once teenagers, they become very skeptical and it takes a huge amount of money for very little change. If you want bang for the buck, you need to catch kids early on. You don't want to appear to be forcing brands down the mouths of small children.

*Excerpted from the PERISHABLE PUNDIT — March 7, 2007  
Interview by Mira Slott*



PRODUCE BUSINESS is accepting nominations for its third annual 40 Under Forty Project, which recognizes the produce industry's top young leaders.

Honorees will be selected based on their professional accomplishments, demonstrated leadership and industry/community contributions. To be eligible, nominees must be under the age of 40 as of April 1 (People born after April 1, 1968).

To nominate someone, please fill out this form by April 1, 2008, and fax back to 561-994-1610.

Once nominated, the candidate will receive forms from us to fill out asking for detailed information. A candidate only needs to be nominated one time. Multiple nominations will have no bearing on selection.

**ABOUT THE NOMINEE:**

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 Approximate Age \_\_\_\_\_  
 Company \_\_\_\_\_  
 Position \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Postal Code \_\_\_\_\_  
 Country \_\_\_\_\_  
 Phone \_\_\_\_\_ Fax \_\_\_\_\_  
 E-mail \_\_\_\_\_

In 100 words or less, describe why this person should be nominated:  
 (You can use a separate sheet for this)

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 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Nominee's Professional Achievements:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Nominee's Industry/Community/Charitable Activities:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**ABOUT THE NOMINATOR:**

First Name \_\_\_\_\_ Last Name \_\_\_\_\_  
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Nominator information is for our use only and will not be shared with candidate or have a bearing on selection.

For more information email: [producebusiness@phoenixmedianet.com](mailto:producebusiness@phoenixmedianet.com)

# Blast from the Past

**B**amford Produce Company, Ltd. is one of Canada's oldest produce distribution companies. Since its creation in 1881 by founder James Bamford, the family owned business, now being run by the fourth generation, has cultivated a thriving operation.

In its early years, Bamford operated in downtown Toronto, explains Steve Bamford, president. The original facility is featured in this photograph taken in 1937. In 1979, the company moved to more modern facilities. Today, it offers conventional, organic and local produce, along with value-added items.

"Produce and family tradition have been a part of our bloodline for all these years," says Bamford. "The fact that we've been in business for so long shows how committed we are, and we hope to pass down our success to future generations."

PRODUCE BUSINESS would like to thank Steve Bamford for his help in gathering this information.

The *Blast from the Past* is a regular feature of PRODUCE BUSINESS. We welcome submissions of your old photos, labels or advertisements along with suggested captions. Please send materials to: Editor, PRODUCE BUSINESS, P.O. Box 810425, Boca Raton, FL 33481-0425, or e-mail [ProduceBusiness@PhoenixMediaNet.com](mailto:ProduceBusiness@PhoenixMediaNet.com)



## INFORMATION SHOWCASE

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- 1) Please go to [www.ProduceBusiness.com](http://www.ProduceBusiness.com) and click on The Electronic Rapid Response Card and enter the Reader Service numbers that correspond to the ad and the information showcase.
- 2) Contact the advertiser directly via the Web site, e-mail, phone or fax listed in the ad.

### JANUARY 2008

COMPANY	PAGE #	RS#	PHONE	FAX
Wayne E. Bailey Produce Co.	62	13	800-845-6149	910-654-4734
BelleHarvest Sales, Inc.	48	26	800-452-7753	616-794-3961
Blue Book Services	33	64	630-668-3500	630-668-0303
Brooks Tropicals	55	27	800-327-4833	305-246-5827
Canon Potato Company, Inc.	18	12	719-754-3445	719-754-2227
Capital City Fruit Co., Inc.	52	3	515-981-5111	515-981-4564
CF Fresh	66	14	360-855-3192	360-855-2430
Chelan Fresh Marketing	91	28	509-682-3854	509-682-5766
Chilean Avocado Importers Association	31	4	202-626-0560	
Chilean Fresh Fruit Assoc.	INSERT		916-927-1217	916-927-1297
Columbia Marketing International	30	2	509-663-1955	509-663-2231
Combs Produce Company	75	29	214-748-6086	214-749-5103
Coosemans Atlanta, Inc.	70	30	404-366-7132	404-366-7058
D'Arrigo Bros. Co. of New York	61	1	800-223-8080	718-960-0544
Del Monte Fresh Produce	92	31	305-520-8343	305-520-8495
Dole Fresh Fruit Company	2	62	818-879-6600	818-879-6628
Dole Fresh Vegetable Co.	25	32	800-333-5454	831-754-5243
dProduce Man Software	62	33	888-PRODMAN	650-712-9973
Fisher Capesapn	34	10	800-388-3074	514-737-3676
Fisher Capesapn	32	34	800-388-3074	514-737-3676
Florida Dept. of Agriculture and Consumer Services	78	23	850-487-8908	850-488-7127
The Florida Tomato Committee	15	35	407-660-1949	407-898-4296
Four Seasons Produce, Inc.	65	52	800-422-8384	717-721-2597
Fresh Produce Association of The Americas	INSERT	36	520-287-2707	520-287-2948
Fresh Quest	38	6	954-946-9554	954-946-8760
Fruition	91	28	509-682-3854	509-682-5766
General Produce, Inc.	71	61	800-782-5833	404-361-1841
Georgia National Produce LLC	69	20	404-361-0003	404-366-8805
Greenhouse Produce Company, LLC	40	37	888-492-1492	772-492-1592
Al Harrison Co. Dist.	43	18	520-281-1222	520-281-1104

COMPANY	PAGE #	RS#	PHONE	FAX
Hess Brothers Fruit Co.	48	8	717-656-2631	717-656-4526
Ideal Sales, Inc.	74	38	800-999-7783	214-421-0277
Kerian Machines, Inc.	52	17	800-551-5188	701-352-3776
Keystone Fruit Marketing, Inc.	48	39	717-597-2112	717-597-4096
Kirkey Products Group, LLC	50	40	407-331-5151	407-331-5158
Tom Lange Co.	74	25	217-786-3300	217-786-2570
LGS Specialty Sales, Ltd.	51	19	800-796-2349	718-542-2354
Lisa Inc.	43	41	520-281-1863	520-281-2848
Mann Packing Company, Inc.	9	22	800-884-6266	831-422-5171
Mayrsohn International Trading Co., Inc.	34	42	305-470-1444	305-470-1440
Mediterranean Pleasures	53	16	800-491-VITA	856-467-2638
Mexico Quality Supreme	41	60	877-281-9305	
Miatech	40	53	800-339-5234	503-659-2204
MIXTEC Group	50	11	626-440-7077	626-440-1557
Niagara Fresh Fruit Co.	48	43	716-778-7631	716-778-8768
Peri & Sons Farms	19	44	775-463-4444	775-463-4028
Pro-Fruit Marketing, Inc.	34	45	201-599-0200	201-599-9840
Produce Exchange Co. of Atlanta, Inc.	70	21	800-480-4463	404-608-0401
Produce for Better Health Foundation	57	63	302-235-2329	302-235-5555
The Produce Marketing Association	87	58	302-738-7100	302-731-2409
R.C.F. Produce, Inc.	43	24	520-281-0230	520-281-9670
Red Blossom Farms, Inc.	37	15	805-981-1839	805-693-0032
Rene Produce Distributors, Inc.	43	46	520-281-9206	520-281-2933
Rice Fruit Company	48	47	800-627-3359	717-677-9842
Riveridge Produce Marketing, Inc.	48	9	800-968-8833	616-887-6874
Sambraillo Packaging	45	48	831-724-7581	831-724-1403
Sun Valley Group	83	54	800-747-0396	707-826-8708
Sweet Onion Trading Company	17	7	800-699-3727	321-674-2003
Tanimura & Antle, Inc.	5	5	800-772-4542	831-455-3915
Trinity Fruit Sales	34	49	559-433-3777	559-433-3790
United Fresh Produce Association	47	59	202-303-3400	202-303-3433
Wilson-Batiz, LLC	43	50	520-375-5752	520-375-5852
Kurt Zuhlke & Association	46	51	800-644-8729	610-588-6245

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